

Small and Medium-size firms:  
Government support, Local strength and Export  
performance

Experiences from Bangladeshi Manufacturing Firms

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This master thesis is carried out as a part of the education at the University of Agder and is therefore approved as a part of this education. However, this does not imply that the University answers for the methods that are used or the conclusion that are drawn.

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## Abstract

This study focuses on the role of Government and the Firm in accelerating Firm's export performance in Bangladesh. The role of government has been discussed on the basis of both Government Export Assistance and Government Export Barriers. On the other hand the role of firm has been followed by the Firm's internal strength in the form for firm's export experience, managers' experience, skilled labor and market share and Firm's Export marketing strategy. The motto of this study is to find out the affecting role of both Government and Firm to ensure profitable export performance in the case of Bangladeshi manufacturing firms.

*Keywords: Bangladesh, Firm's Export performance, Government role, Government Export assistance, and Government Export barriers, Bangladeshi manufacturing firms.*

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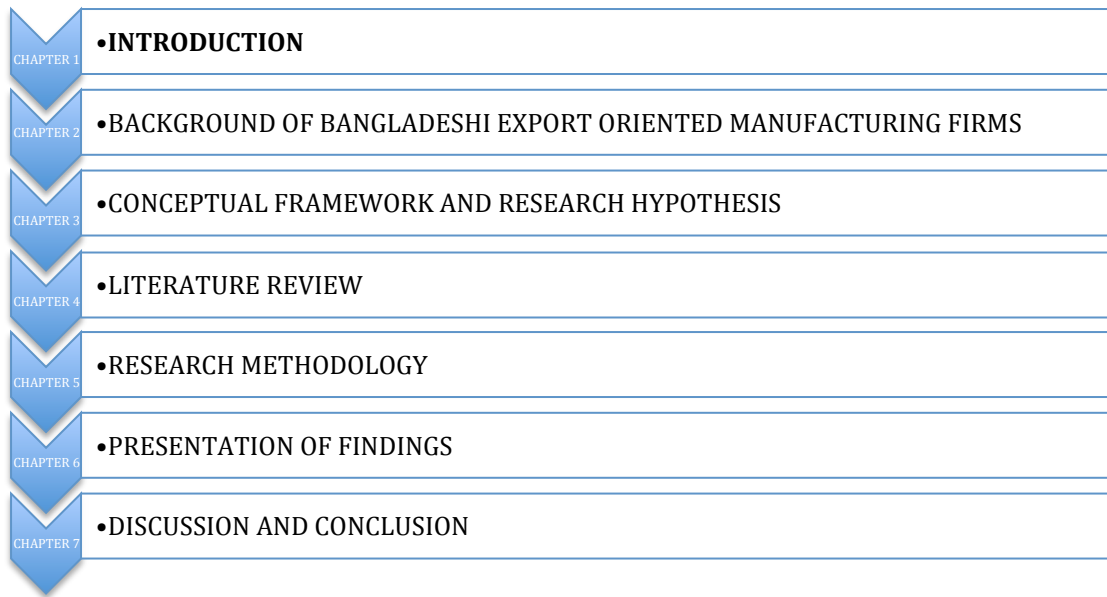
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## Thesis outline



## 1 Introduction

For a developing country export earnings is very crucial for the better economic condition. China, India and Brazil are the perfect examples in this regard. The economic strength of these three countries is now growing faster because of great domestic production and rapid growth in export performance.

More exporting gives favorable environment in the balance of payment situation. But in this case the Government might have a big role to fuel up the exporting activities.

Bangladesh is a developing country and the economy is mostly dependent on agricultural products. Socio-economic development is still yet to accelerate a long way to go. Even the Government of Bangladesh admits this failure. But there has been some significant development in the last few decades.

Trade and commerce has been taken as the most influencing driving force for the socio-economic development. That is why the Government of Bangladesh has taken the initial steps trade-led growth strategy to fulfill the Government target vision 2015 that says the Government of Bangladesh has targeted to reduce the level of poverty line to a half by 2015.

However the effect of Globalization is immense in the international business. Now the international business is carried on treating the whole world as a global village and



the flow of information is quite open the consumers are more conscious about the price and quality of the product. So the challenge for the manufacturing firms is to produce better quality at lower price. Export marketing is thus now pretty sophisticated and competitive.

The great strength of Bangladeshi manufacturing firms is having very cheap labor and available raw materials so that they can produce at couple of times lower than developed countries. Bangladeshi manufacturing firms thus are having great competitive advantage in this regard.

But lack of proper utilization of resources and Government bureaucratic problems may make some kind of hindrance for the firms' export business operations. So in order to ensure better export performance, production capacity of the local manufacturing firms should get better. At the same time the firms need to have some kind of internal strength to utilize the external opportunities.

## **1.1 Research problem**

The research problem is to define the concept of export performance, understand the most relevant factors affecting export performance, and investigate the three research questions.

### **1.1.1 Research questions**

Research questions are the here the guideline for the research study. On the basis of this following three research questions I tend to conclude the research study.

- 1. Are the Government Export Promotion Programs of Bangladesh effective enough to strengthen the firm's state of operation in export business?***
- 2. Is the Government itself making export barriers for the firms and if there are barriers, do those barriers affect negatively to the export performance?***  
***And***
- 3. Is the Firm strength itself, can accelerate positive export performance through the formulation and execution of effective export market strategy with little or no Government assistance?***

### 1.2 Purpose of the thesis

The purpose of the thesis is to investigate the following facts regarding promoting export performance of the Bangladeshi manufacturing firms.

Fact 1: Role of the Government in promoting firm strength.

Fact 2: Role of the firm in designing its export strategy to accelerate profitable export performance.

Fact 3: Impact of Government export barriers in the firm's export performance.

### 1.3 Assumptions of the thesis

There are some basic assumptions of the study on which basis the investigation of the research questions has been accelerated in the later part of the thesis. The assumptions are:

1. The firms are manufacturing.
2. The firm is in domestic business operation.
3. Firm has managers with export orientation and skilled worker.
4. The firm already has some export experiences.
5. Government has some export promotions and export barriers either.

The firm has at least the minimum level of strength so that it can utilize government assistance regarding export business and encounter Government export barriers to accelerate positive export performance.

## 1.4 Steps of the research study

The follow up the research road map is shown below as the steps of the research study.

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***Steps of the research study***

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1. Collection of relevant and applicable literature review

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2. Designing conceptual framework and identifying dependent and independent variables

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3. Designing the questionnaire

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4. Targeting respondents and running the interviews

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5. Analysing the data collected and comparing them with literature part

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6. Reviewing the preliminary framework

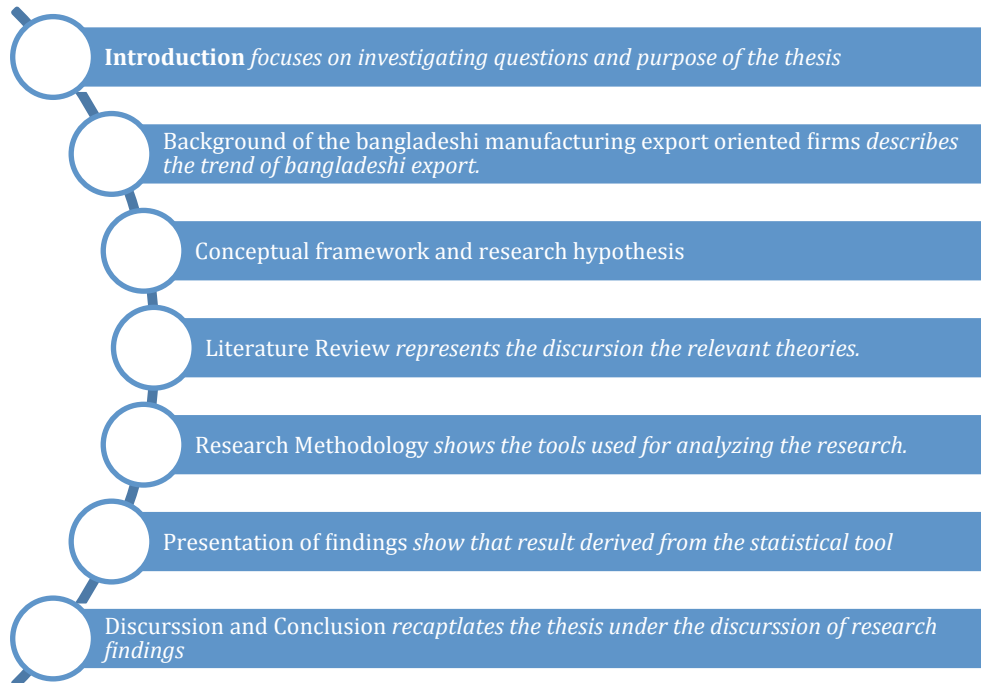
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7. Recaptulating the thesis with final results and recommendation for further study.

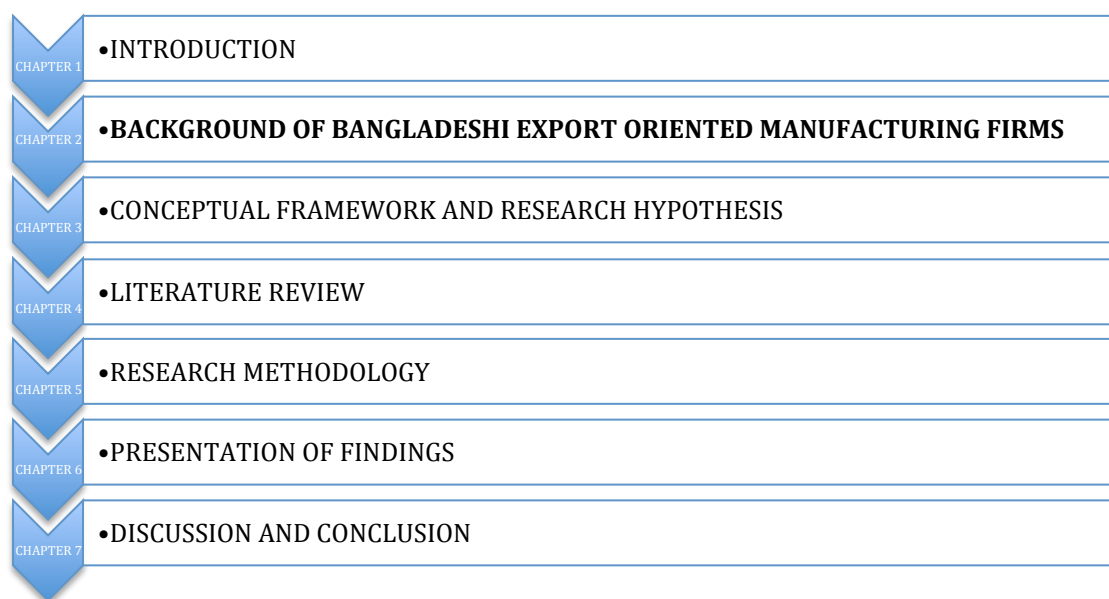
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## 1.5 Thesis outline

Thesis outline represents chronological order of the specific chapters.



## Thesis outline



## 2 Backgrounds of Bangladeshi Export Oriented Manufacturing Firms

### 2.1 Bangladesh at a glance

The full name of Bangladesh is The People's Republic of Bangladesh. Bangladesh achieved independence in 1971 from Pakistan. Prior to the creation of Pakistani and India in 1947, it was under British colonial rule. Bangladesh is having a democratic Government system and is situated in south East Asia bordered on the west, north and east by India, on the southeast by Myanmar and on the south by the Bay of Bengal. Total area of this country is 147,570 Sq. km. and population is 161,083,804 (2012), density of the population is 1033.5 per Sq. km(Export Promotion Bureau; Information Division).

Short Statistical facts have been presented below

Sectorial Share of G.D.P	: 21.77% agriculture, 29.01% industry, 49.22% service (2005-06)
G.D.P growth rate	: US \$ 68.14 bill/ 6.71% (2006-07)
Per Capita G.D.P/G.N.I	: US \$ 554 (2005-06)

---

Annual export	: US \$ 14,110.80 bill. (2007-08)
Major exporting products	: Garments & Knitwear, Frozen fish & seafood, Jute & jute goods, Leather & leather products, Sugar, Tea, Consumer goods, Urea fertilizer, Pharmaceuticals, ceramic, cement
Major trading partner countries	: USA, EU countries, China, Australia, Malaysia, Japan, Hong Kong, Taiwan, Thailand, Indonesia, Saudi Arabia, U.A.E

*Source: (Information Division)Export promotion bureau Bangladesh*

Bangladesh involved in international trade just one year after she got independence. But that time Bangladesh was quite dependent on foreign aids, and import with a very limited export effort. Situation started to improve since 1980s when Bangladesh launched very specific plans for internationalization with liberal export trade policy. Many reforms and promotional programs have been taken place to make the domestic products emerging in the international market. Since then the Government of Bangladesh realized that to be a self-reliant economic country, she needed to emphasize on improving domestic production and sending products in the international market as much as possible. Accordingly The Government formulated some strategic and promotional plans for enhancing export business imitativeness.

## 2.2 Government Export policies

As a part of export development strategy since 1980s, formal and institutional based export policy has been implementing. The motto of the strategic plan was to speed up operation of domestic production and international marketing process so that the domestic emerging manufacturing firms can do successful business in the international arena. And the secondary objective of the strategic plan was to make lucrative platform for other non-exporting firms to become export oriented.

In the beginning of 1980s, export plan was undertaken on five-year basis, after finishing that five-year tenure it was changed to three-year base plan which is still in practice. These policies has been formulating and implementing in accordance with the regulatory agreement, Uruguay Round Accord, WTO and basic principles of market economy. (Export Promotion Bureau)

The agencies involved in export business strategies are:

- ❖ Export Promotion Bureau,
- ❖ Department of Fisheries,
- ❖ BSTI (*Bangladesh Standard Testing institute* that ensure the quality of the product.),
- ❖ Tea boards and different trade bodies

The Ministry of Commerce, Bangladesh, is regulating these bodies.

The promotional activities taken by those agencies are:

- ✚ Providing with information regarding export markets and new technology,
- ✚ Training opportunities for workers and managers,
- ✚ Accredited certification system that ensures world class quality,
- ✚ Financial assistance (Tax subsidies, low rate interest loans),
- ✚ Diplomatic mission to make scope in the international market, like duty free access to developing and developed countries including US market, Canada, Australia, EU markets, Middle East, Asian markets.
- ✚ Awarding System to motivate the exporters (National Export Trophy)

*Source: (Export Promotion Bureau; Information Division)*

These are mentionable services.

Government has identified some sectors under highest priority sectors are:

- ❖ Agro base products,
- ❖ Light engineering products,
- ❖ Footwear and leather products,
- ❖ Pharmaceutical Products,
- ❖ Software and ICT products,
- ❖ Home textile,
- ❖ Ship building industries, and
- ❖ Toiletries products

*Source: (Export Promotion Bureau; Information Division)*

These sectors have been found emerging in the domestic market and have the capacity to produce world-class output if they get some special assistance from the government. They have actually a very good chance to get a good position in the export market.

Mentionable supports like Different project loans at low interest rates, income tax exemptions, Priority base supply of energy (Electricity, gas, water), low rate air and vassal transportation facility, export loan with soft term and low interest rates and searching for best suited international markets are being provided for those sectors.



## 2.3 Export trend

Bangladesh has been exporting both primary and industrial commodities. Primary commodities include agricultural products, raw jute, frozen foods, seafood, tea etc. while industrial products are ready-made garments (oven garments and knitwear), leather, footwear, jute goods, fertilizer, chemical products, ceramics, engineering products, handy-crafts are mentionable.

Sector wise export 2003-04

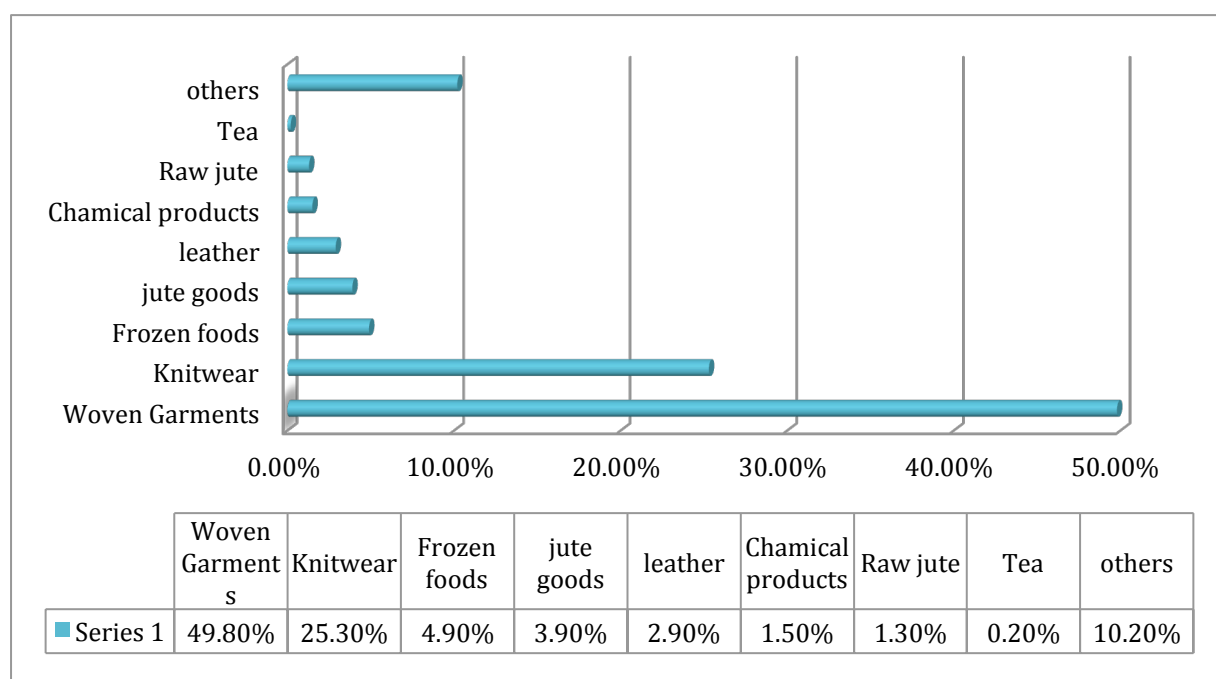


Figure 1: Export trend

Source: (Export Promotion Bureau; Information Division)

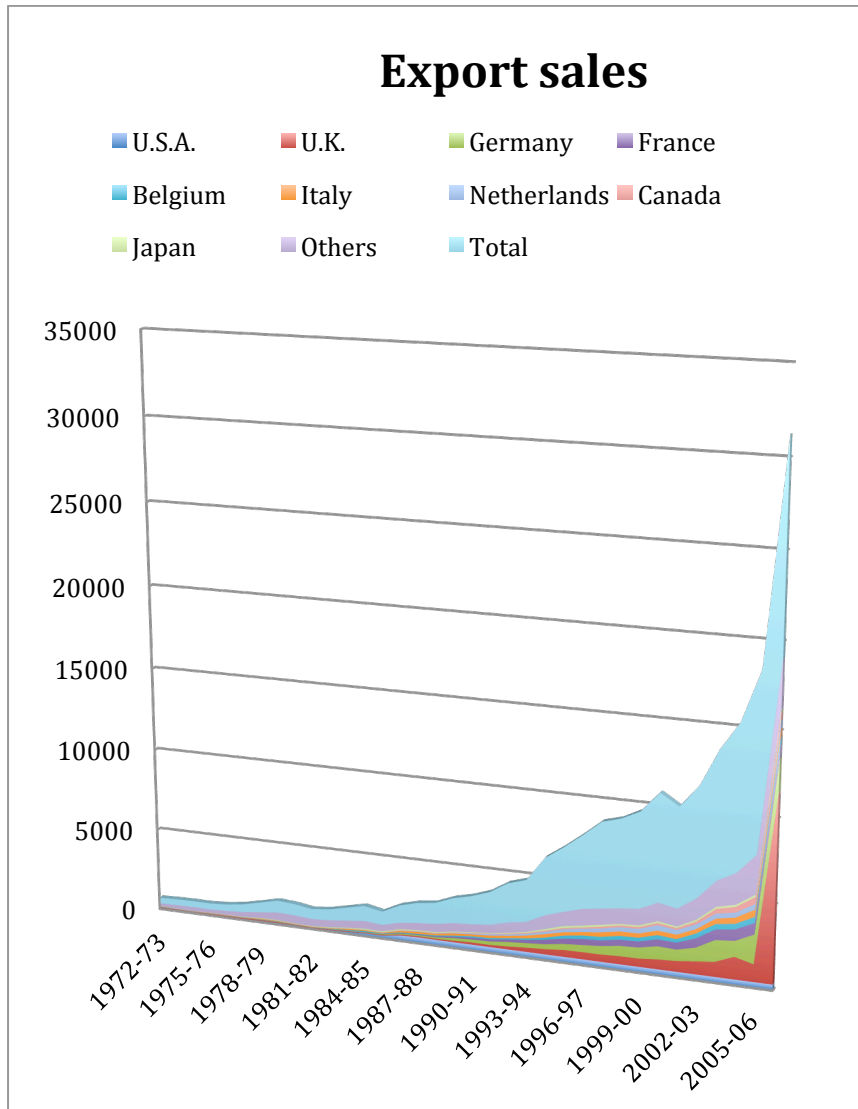
**Major exporting partners for Bangladesh**

Major Exporting partners since 1972 to 2007 (Values in mill US \$)

**Table 1 Historical export sales**

FY	U.S.A.	U.K.	Germany	France	Belgium	Italy	Netherlands	Canada	Japan	Others	Total
1972-73	71.39	26.55	10.54	8.74	22.99	14.36	8.14	7.03	6.7	171.98	348.42
1973-74	60.04	25.16	5.14	8.05	15.43	11.05	8.9	6.29	14.25	217.05	371.76
1974-75	56.91	23.55	7.1	4.84	11.63	12.4	9.06	6.27	5.74	245.18	382.68
1975-76	61.92	29.48	7.37	8.89	17.25	23.24	8.16	6.08	9.22	208.86	380.47
1976-77	53.44	40.69	9.31	9.42	15.98	23.6	9.03	6.3	10.65	238.59	417.01
1977-78	64.92	40.98	8.54	6.22	15.95	18.5	8.97	5.84	15.13	308.61	493.74
1978-79	83.22	45.71	13.82	7.65	18.46	43.41	9.64	6.65	33.25	358.56	618.82
1979-80	87.51	48.8	16.35	5.43	26.02	31.59	15.35	9.04	34.27	472.86	749.44
1980-81	83.52	24.75	9.65	7.26	14.3	27.35	11.42	6.06	19.34	508.02	709.85
1981-82	50.43	28.36	1.22	7.26	15.89	31.4	13.3	3.66	27.64	446.73	625.89
1981-83	78.86	30.96	13.3	10.93	30.29	32.14	12.79	6.63	45.01	428.86	686.6
1981-84	111.14	42.62	18.15	11.56	47.02	69.13	16.96	7.37	43.14	449.38	810.99
1984-85	165.97	43.75	21.44	9.96	72.66	51.79	16.45	12.05	65.27	479.78	934.43
1985-86	173.22	46.13	37.67	10.01	34.39	36.28	15.41	15.08	61.18	409.12	819.21
1986-87	321.43	59.99	61.4	26.53	41.87	99.67	21.83	16.33	66.3	398.67	1073.77
1987-88	356.46	73.03	69.85	35.04	42.06	115.95	27.42	24.41	57.09	446.85	1231.2
1988-89	346.08	75.7	83.56	62.37	53.17	105.67	29.17	16.66	55.02	505.2	1291.56
1989-90	346.08	97.14	164.91	86.4	62.64	131.37	38.12	22.24	55.6	526.09	1523.71
1990-91	346.08	136.9	180.34	116.1	83.55	115.94	61.86	30.25	41.26	489.19	1717.55
1991-92	346.08	130.4	216.21	127.36	82.08	147.29	81.33	27.64	40.6	514.33	1993.92
1992-93	346.08	183.42	275.21	157.72	83.14	137.4	85.8	44.38	53.31	629.36	2382.89
1993-94	346.08	259.29	275.21	192.93	98.41	170.61	104.4	57.23	61.02	614.72	2533.9
1994-95	346.08	318.31	300.26	272.88	128.58	211.26	136.66	69.38	99.65	831.26	3472.57
1995-96	346.08	417.7	369.18	312.65	186.93	207.1	183.22	69.09	120.8	857.98	3882.42
1996-97	346.08	437.69	428.29	369.07	210.57	203.62	208.59	69.12	114.05	1001.55	4418.28
1997-98	346.08	440	510.93	345.36	210.07	270.47	236.08	106.84	112	976.53	5161.2
1998-99	346.08	491.34	625.13	367.37	227.62	270.01	251.61	104.91	92.76	935.66	5312.86
1999-00	346.08	499.99	658.71	365.99	225.89	248.28	282.77	110.63	97.64	987.16	5752.2
2000-01	346.08	594.18	789.88	413.69	253.91	265.73	327.96	125.66	107.58	1105.99	6467.3
2001-02	346.08	647.96	681.44	418.51	211.39	262.31	283.36	109.85	96.13	1061.17	5986.09
2002-03	346.08	778.25	820.72	553.5	289.48	258.99	277.95	170.26	108.03	1270.8	6548.44
2003-04	346.08	898.65	1298.57	625.51	326.71	316.28	290.47	284.69	118.33	1544.2	7602.99
2004-05	346.08	1351.06	944.18	678.94	327.8	369.78	290.92	335.25	122.53	1868.82	8654.52
2005-06	346.08	1053.74	1763.38	678.94	359.33	427.89	327.2	405.97	138.45	2330.49	10526.16
2006-07	346.08	11176.63	1956.77	731.88	435.75	516.17	459.25	458.14	147.94	2841.81	12177.86

*Source: (Export Promotion Bureau; Information Division)*



**Figure 2: Export Sales**

*Source: (Information Division): Bangladesh export statistics*

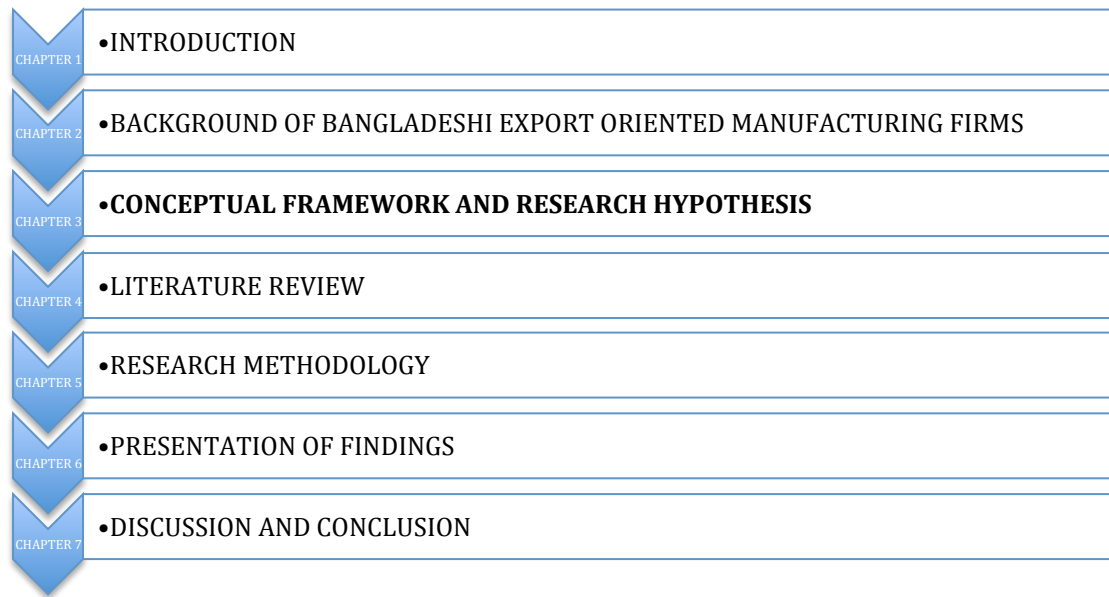
The vertical axis shows export sales in Million US \$ and horizontal axis shows the fiscal year.

It is seen from the chart that USA is the biggest partner for Bangladeshi export market. Mainly ready-made Garments are widely exported in USA market. Apart from that EU market is pretty emerging for Bangladeshi exporters.

It is strange to see that Bangladesh does not have good position in physically near distance markets like India, China, Pakistan or other Asian markets, rather it is good in overseas markets. One of the biggest reasons for that is political bargaining power. In especially in the south East Asia there is a big balance of payment gap between India and Bangladesh.

On the other hand since production cost is high in USA or EU market they tend to import from Bangladesh through production outsourcing so that the unit cost of product can be put down.

## Thesis outline



## 3 Conceptual Framework

### 3.1 Conceptual Framework

A conceptual framework prorates the relationship between the variables that connect each other within a model to give a concrete idea about research objectives. The conceptual framework stated below depicts five variables among those four are independent variables

- ❖ Government Export Assistance,
- ❖ Government Export Barriers,
- ❖ Firm's competencies,
- ❖ Export strategy

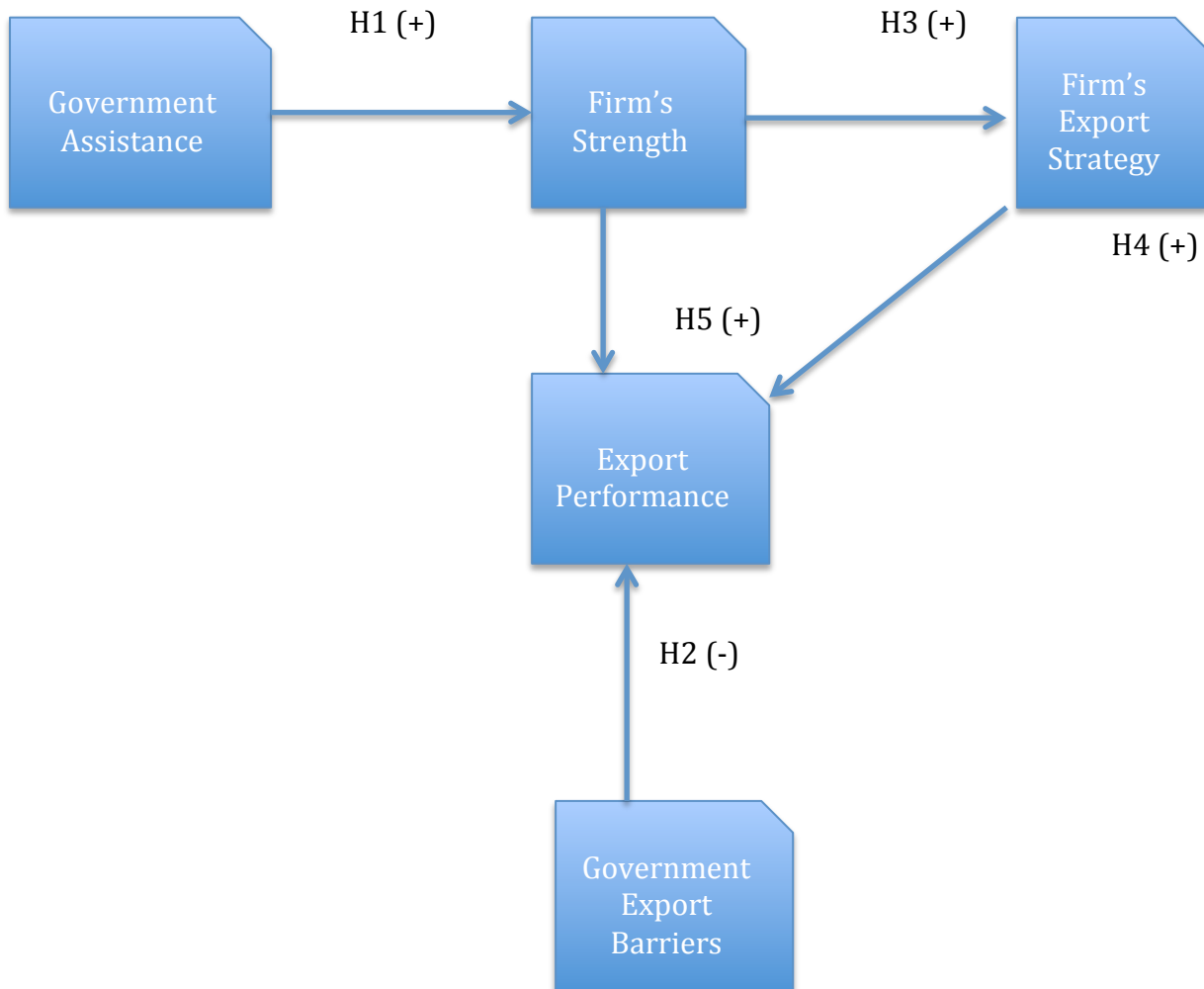
And the dependent variable is

- ❖ Export performance of the firm.

The motto of this framework is to find out the effect of cause and effect relationship among the variables. To be more precise it can be said that this framework focuses on the how independent variables affect the dependent variables.

The conceptual framework is focused under the concept of literature review part (Chapter 4).

### Conceptual Framework



**Figure 3: A conceptual framework of firm's internal and external factors that affect export performance**

Here the relationship can be denoted as

$$\text{Export performance} = f(\text{Government}, \text{Firms})$$

Where Export performance is dependent variable and firm condition & Government role is independent variable.

That means Firm's export performance depends on Firms readiness and Government role.

## 3.2 Hypothesis analysis

### 3.2.1 Government assistance and organizational strength

Government export promotion programs are well in need for the small and medium size firms. A comparatively smaller firm has limited managerial and financial resources those combined make serious problem for the firm to make strategic plan that ultimately affect overall export performance negatively (Bonaccorsi, 1992). At one stage of export development process, after being matured in the domestic market many firms try to expand their business in the international business through exporting. But in real business domestic business and international business represent two sides of a coin. New cross-cultural issues, dynamic and risky market behavior and unknown consumer behavior are the subject matters at the beginning of the export process. These uncertain situations make the business environment more vulnerable and risky. When some firms experience that the risky export market environment decreases their profitability margin, they might then rethink whether to continue this export business or confine themselves in the domestic market.

Under this circumstance the Government agencies can play crucial role to motivate the firms to keep their international business on going by assisting them.

The burning question is: 'how can the Government role be to help the small or medium size firms to continue or expand their export business (M. R. Czinkota, 1993)?'

Government assistance programs need to focus on organizational characteristics and firm's strength so that the assistance programs can directly assist the firm's internal production process through financial assistance, training for production and technology know-how, assurance of international level quality etc. (Sequeira, 1993), Which affect management attitude that make them committed for the international market through the information assistance regarding international market mechanism know-how. In that case it will be easier for managers to accelerate some positive changes in their international business operations.

So Government exports assistance program helps the firms to reduce export risk by widens the doors of opportunities that can ensure sustainable profitability in the international market.

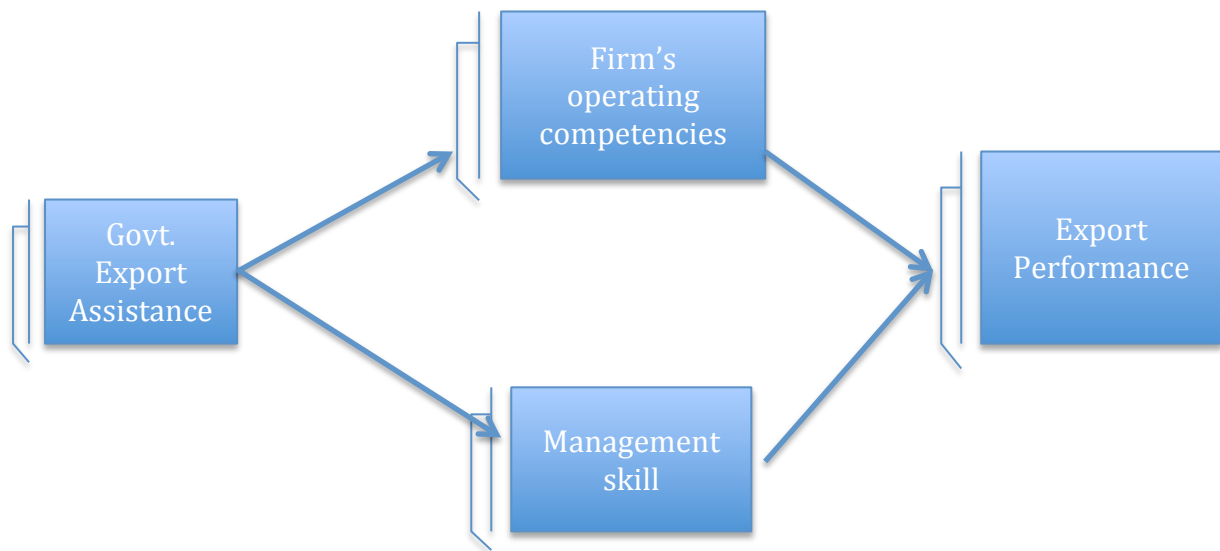


Figure 4: Positive Influence of Govt. Export assistance program on firm's competency and managerial skill

**H1: The Effective Government Export assistance programs make the firm more competent to ensure better export performance.**

### 3.2.2 Government Export barriers and export performance

Instead of assisting if Government plays the role of making problem for the firm's internationalization process, the firms will bring negative impact on overall export performance. Export barriers like bureaucratic red tap system, different interest groups of Government agencies involved in illegal transactions, political instability, problematic supply of Gas, water and electricity, poor road and port authority system etc., make different problems like higher lead time, high unit cost of production, bad image demotivates the international foreign direct investment(Chhokar, 1986; Taneja, 2001).



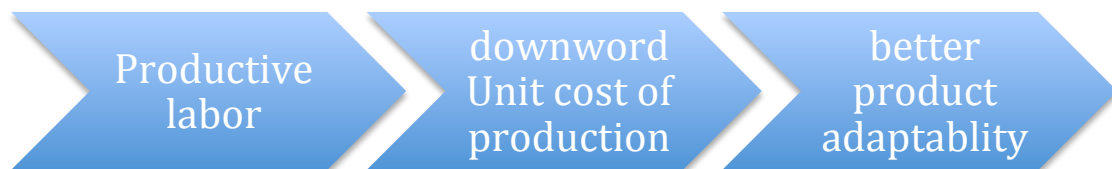
For these barriers firm competency is hampered and managers are demotivated to export which ultimately affect the export performance negatively.

**H2: The higher the Government barriers, the more chance of failure in export performance.**

### 3.2.3 Firm's competency and managerial skill towards make export market strategy

Firm's competencies has been attributed in chapter 2 by 1) firm's present position in both domestic and international market, 2) Skilled labor and cost effective production system, 3) Technology orientation, 4) Financial ability, 5) Management experience and 6) Manager's export commitment(S. S. Shaoming Zou, 1998).

Skilled labor force is very effective for higher productivity and higher profitability ratio. Productive labor can produce high volume of output employing less working hours and fewer work forces, which is pretty cost effective(J. Guan \*, 2003). It helps the firms to minimize the unit cost of production that ultimately helps the managers to formulate strategic plan for export market may be in the form of cost leadership for the better product adaptation in the foreign market.



**Figure 5: Influence of productive labor on better product adaptation strategy**

Technology orientation makes the product more flexible and dynamic which is very important for product adaptation in the international market. Product design, quality output, on time delivery and above all less use of energy and labor force is the key outcomes for the technology based production system. Product innovation and flexibility give the product line unique look and quality so that it may be very difficult for the competitions to copy(Nassimbeni, 2001). Moreover delivering on time helps to keep the lead-time smaller that helps to minimize the cost and better image of the firm. Sustainable product adaptability policy making for the managers is becoming easier.

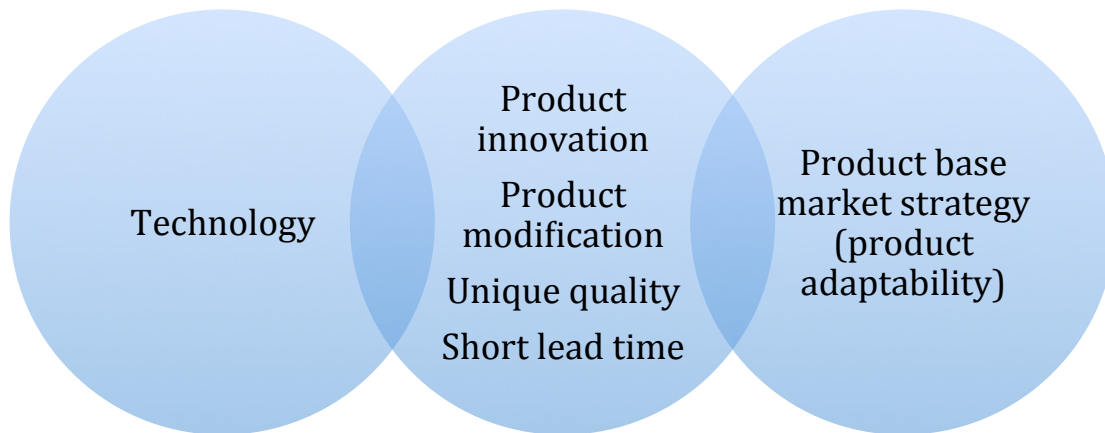


Figure 6: Technological effects on product base market strategy

Financial ability gives the firm strength to afford enough investment for production and international marketing imitiveness. Greater investment helps to ensure better productivity, and gives the manager higher commitment level for international market. Highly committed managers are desperately looking for international market opportunities that helps the firm to makes better strategic plans which fueling up overall export performance(Neil A. Morgan, 2005).

Managers' experience helps the management more involved in the international market. Because of the high dealing experiences of the managers in the international level it is much comfortable for the managers to isolate the market risks and locate market opportunities(Sequeira, 1993). That is why the firm will be more competent in utilizing its internal and external market resources that paves the managers highly committed to gain from international market. Basically international market success mostly depends on the formulation of the effective market strategic plan, which focuses on targeting appropriate market, significant market threat and opportunities. By doing these experienced managers accelerates the process of maximization of export profitability(Nevin, 1981).

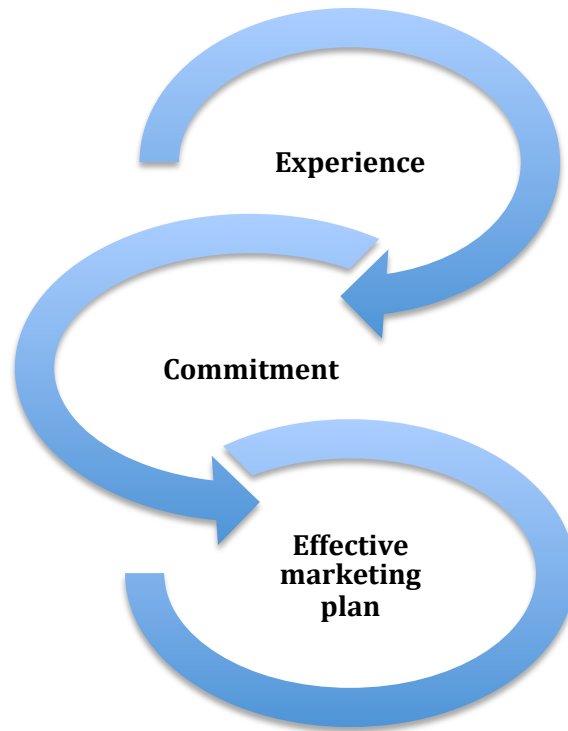


Figure 7: Effect of Managers' experience and commitment on export market strategy

**H3: Better competencies of the firm accelerate effective marketing strategic plan.**

### 3.2.4 Export strategies and export performance

Export strategy is planned and organized by the managers react the international market behavior in order to utilize the firm resources by limiting international market risks, so that the export objectives can be achieved. Effective export strategy is thus positively related to overall export performance (Leonidas C. Leonidou, 2002). Effective strategy means choosing the right market, pricing and distribution channel that suit the product line and brand image, which ends up with strong product adaptability in the export market. Better output in the form of high export growth, higher profitability (return on investment) sustainable market positioning of the product in the export market is the reflection of better export strategy (Hoang, 1998; Leonidas C. Leonidou, 2002).

**H4: Better export performance is followed by the effective formulation and execution of export market strategy.**



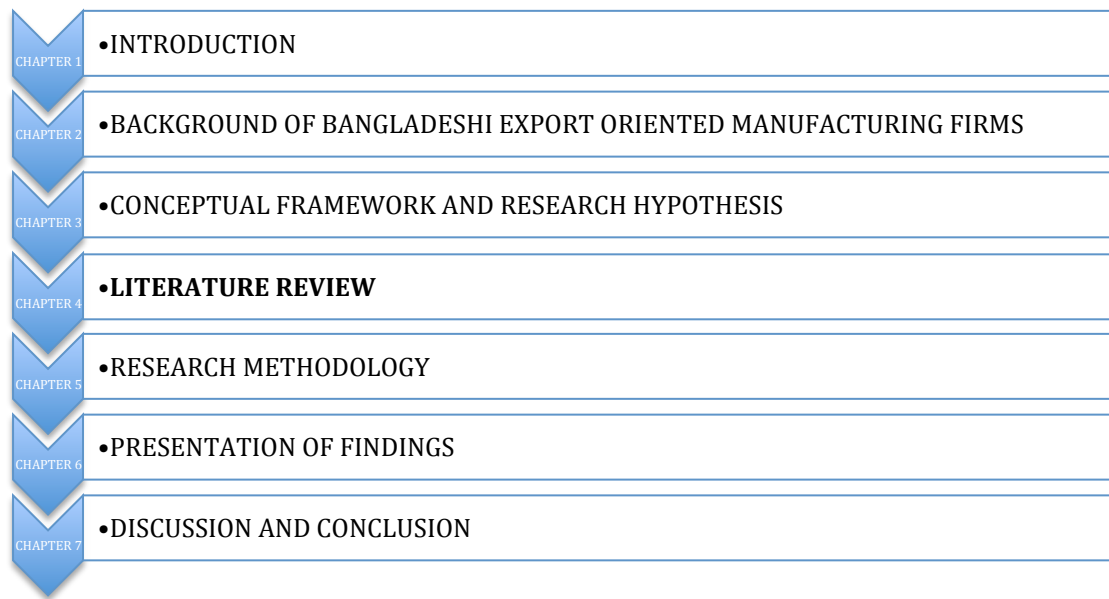
Figure 8: Relationship between Export market strategy and Export Performance

### 3.2.5 Firm's strength and export performance

**H5: Firm's own strength accelerates better result in the Export performance.**

Firms' inner strength is crucial helping indicator for better export performance. At the same time proper utilization of resources and the assistance from external parts depend mostly on how the managers and handling the operation. As it has been discussed earlier part of this study the relationship between export performance and firm's own strength, is one of the most crucial affecting factors that can influence the overall export performance.

## Thesis outline



## 4 Literature Review

### 4.1 Literature Review

This chapter represents the theoretical framework of a casual relationship among the different influencing factors of export market behavior and the overall export performance of the firm at large. Summarized figure of the literature review has been presented below:



Analyzing some research articles has developed this framework and books done focusing directly or indirectly on firms' export performance over the last few decades. In this era of Globalization along with many opportunities, managers are facing different dynamic challenges by facing uncertain risks in the international business environment. In this part I tend to focus on linking theoretically how both the firms competences and managerial excellence affect the international strategy to achieve export objectives and at the same time how the role of Government affects the whole process right from the beginning of collection of raw materials & production to the internalization of the product.

The objective of this literature part is to follow up the relevant theoretical concepts that will be compared with the out comes form the analysis part.

#### 4.2 Export performance

There have been quite a good numbers of studies in measuring export performance(Aaby, 1989; Ambler, 1994; Anderson, 1997; Chhokar, 1986; Hoang, 1998; Lefe, 1996; Xiucun, 1996). Export performance is defined as the degree of achieving organizational goal from both economic and strategic point of views with respect to doing business in the international market(Zoe, 1994).

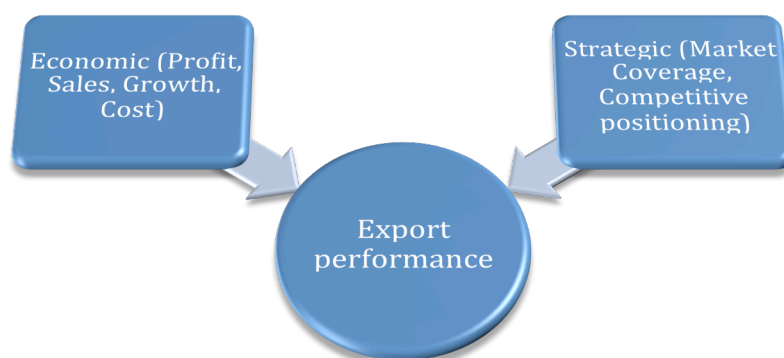


Figure 9: Export performance measurement (Zoe, 1994)

At the very beginning of export planning stage, every firm sets some goals. The goals can in the form of economic (profit, sales, growth, cost minimization) or strategic (total market coverage, strong competitive positioning, product attractiveness in the

foreign market) point of view (Zou, 1994). Economic measure is widely used to measure the performance. The aspects of export marketing performance are 1) the degree of achievement of primary strategic goal taken by top management, 2) the average annual sales volume over a specific period of time, 3) The average annual growth from the export market over a specific period of time (usually 3- 5 year range is considered) 4) The aggregate export profitability (return on investment) for a specific period of timeframe and 5) Comparison result initial Management goal and perceived success (Zou, 1994) (Hoang, 1998). Hoang adds export intensity in his finding very precisely as the intervening variable affecting export performance. Export intensity has been presented as the ratio of export sales to total sales (Hoang, 1998). Through the measurement of export intensity it is easily possible to compare the export sales to its domestic sales that ultimately is effective to sort out the firm's state of positioning in the both market (domestic and international)(Hoang, 1998; Sequeira, 1993).

According to Tamer and Zou (1994) ultimate success of export venture depends on Management skill at large. They have found in their findings that management has the key option to influence export performance through experience, commitment, resource allocation, effective planning for product adaption, production management and overall distribution channel support. But at the same time technology based production system, financial resources are the key factors for the management team to accelerate their marketing planning (Zou, 1994).

Export performance has also been measure under different theory base. The resource based theory and Industrial Organizational theory are the prominent(S. S. Shaoming Zou, 1998). Resource- based theory describes firm's internal resources like, infrastructural assets, skill and experienced Management, financial, Information, Knowledge, research & development, international orientation etc., while on the other hand Industrial Organizational theory focuses on firm's strategic decision making factors. Resource base theory is the focus point of firm's internal state but Industrial Organization theory focuses on firm's external macro environment. The macro environment can be depicted as 1) Flexible organizational structure for new innovation process, 2) Benchmarking system, 3) Debt-controlling system, 4) flow of

communication with potential customers and suppliers, 5) Encouragement scheme for production and marketing staff, 6) top management support etc.(J. Guan \*, 2003). The important fact here is that resource base theory is being controlled and monitored by Industrial Organizational focus (S. S. Shaoming Zou, 1998).

Export performance has also been measured more precisely under different categories: 1) Managerial decision making and operational skills, 2) Organizational resources that indicates organizational strength, 3) Market environment (Domestic and International), 4) International marketing policy (market targeting, segmentation and strategic positioning), 5) Marketing mix variables(Sequeira, 1993) that help the manager to take strategy regarding product adaptation in the market, product base marketing decision like product differentiation or focus strategy, pricing decision like cost leadership (Leonidas C. Leonidou, 2002).



Figure 10: Factors affecting export performance

#### 4.2.1 Problems of Measuring Export Performance

Some firms treat exporting business as a sort of portfolio of their domestic business and that is why in most cases domestic and export business operations are mixed up in the company's financial statement analysis and report (N. F. P. Constantine S.



Katsikeas, Chris Ioannidis, 1996). Thereafter it becomes very complicated to measure actual state of company's export performance.

### **4.3 Factors affecting export performance**

It's always a crucial challenge for the managers to detect the crucial factors acting behind the export performance. Effective Decision-making regarding export performance depends on the actions relating to the proper organization of those factors that ultimately affect the export performance.

#### **4.3.1 Firm Size**

Different empirical studies show the correlation between the size of the firm and the overall performance. In most cases there is positive relationship between these two factors, firm size and output. Bigger firms have more chance to get higher growth in the international market than the smaller firms (Hoang, 1998; S. S. Shaoming Zou, 1998). Firm size is actually measured by 1) Number of employees, 2) Market share in domestic and international market, 3) Total sales, and 4) Total assets of the firm (Bonaccorsi, 1992; Xiucun, 1996).

So it is quite easily understandable that smaller firms has less advantage especially in the case of resources in comparison to the larger firms. And resource factor obviously affects the firm's overall export performance (Bonaccorsi, 1992). As the small firms have limited managerial and financial resources they have more decision-making risks than the larger firms in the international level (Bonaccorsi, 1992). Another important reason is production capacity. That means the larger firms have better production capacity that ultimately affect the firm's life cycle stages and of course the export performance (Constantine S. Katsikeas, 1994; S. S. Shaoming Zou, 1998).

It has another indication that correlates the size of the firm and export intensity. Bonaccorsi (1992) has indicated as the ratio of export sales over total sales. In most cases the exporting firms have better domestic sales and that is why they tend to export. So their total sale is the accumulation of domestic sales and export sales. The

firms having better resources can ensure better result in both markets especially in the international market. So firm's size is a motivating factor for export intensity (Bonaccorsi, 1992; T. O. S. a. M. R. Czinkota, 1994).

#### 4.3.2 Firm competency

Competency of a firm is reflected by its state of market positioning in both domestic and international market (S. S. Shaoming Zou, 1998). Vital determinants of firm competence are 1) Strong market positioning (domestic and international), 2) Skilled labor force & Cost effective production system 4) Technology orientation and 5) Financial resources(S. S. Shaoming Zou, 1998). If all these four factors are actively working, firms are most likely to be competent in the international arena. These are controllable factors that are directed by the management of the firm.

In most cases it is seen that firms start to export when it is in the maturity level of its life cycle, in domestic market. It means it has good domestic growth and sound positioning in domestic market. But good domestic growth or high market share does not ensure the success in the international market. Good domestic market growth is a sort of export motivation for the management(J. Guan \*, 2003; Zoe, 1994).

Export market positioning is positively co-related with the firms overall export performance(M. R. Czinkota, 1993). Better growth in the international market indicates the firm's positive financial performance.

Export market is quite different than domestic market. But the exception is short distance market. For an example, Asian markets are almost similar. An Indian firm can operate its international business in Bangladesh more easily than it does in the US market. Customer behavior is almost the same and main reasons behind the scenario are similar culture and similar purchasing power of the consumers.

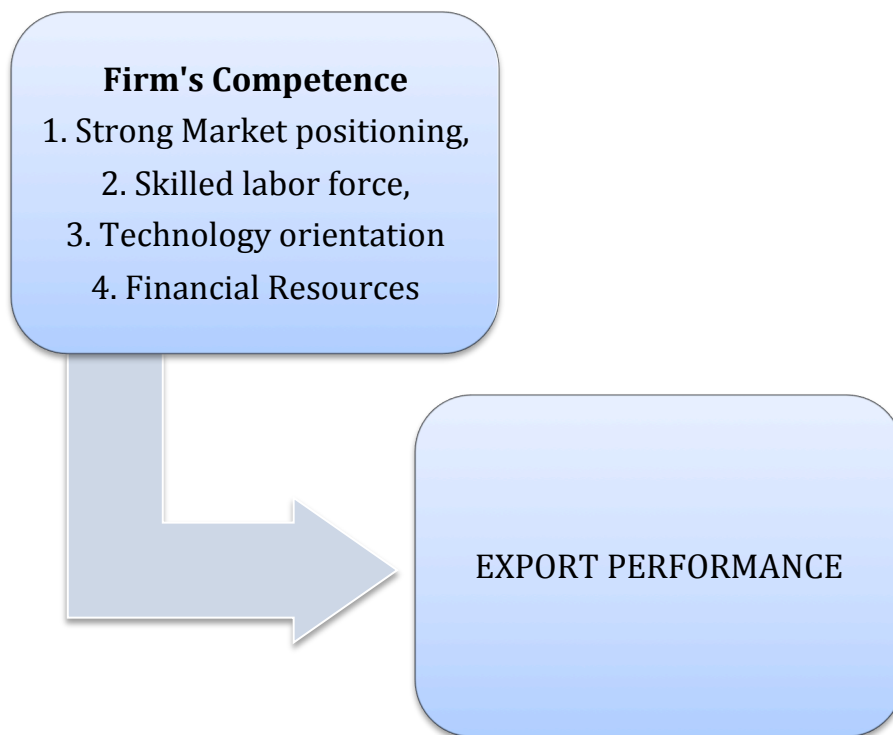


Figure 11: Effect of Firm's Competence on Export performance (S. S. Shaoming Zou, 1998)

#### 4.3.3 Skilled Labor force

Skilled labor is a positive influencing factor for successful export venture. Wage rate of skilled labor directly affects the cost and quality of the output. Wage rates affect the firm's cost advantage or differentiation strategy. Higher wages rate pushes the production cost high in general. So higher unit cost of production may not help the firm to accelerate the cost minimization approach in its pricing. But if the labor force is skilled enough, even though their wage rate is sort of high, there will be higher chance of good performance in the export market because of quality output and proper utilization of resources which reduces the cost of production in the long run but at the same time firm can gain better quality brand image. So it can be recapitulated by saying that skilled manpower is far more important than cheap labor if it is not skilled enough(J. Guan \*, 2003).

#### 4.3.4 Technology oriented production process

Technology oriented firms are more likely to be successful in the present dynamic environment(N. F. P. Constantine S. Katsikeas, Chris Ioannidis, 1996). Most research shows the positive relationship with technology intensity and export performance. In fact technology is one of the most influencing factors, which help the firm product to go international(Beamish, 2003). Use of technology is very essential in present dynamic business environment especially in the field of firms' production capacity, Quality control check, packaging and design, storage and IT(Nassimbeni, 2001). But in some cases negative relationship has been figured out considering the size of the firm(N. F. P. Constantine S. Katsikeas, Chris Ioannidis, 1996). It is at time worth mentioning that right technology for the right project is precisely more important in that case it doesn't matter a lot how high the technology is(S. S. Shaoming Zou, 1998).

#### 4.3.5 Financial resources

Financial resource is crucially important in enhancing the international business(Neil A. Morgan, 2005) Many researches have found that firm size is the main driving force of firms' financial resources (Bonaccorsi, 1992; Das, 1994; Hoang, 1998; S. S. Shaoming Zou, 1998). In general comparatively bigger firms larger capital resource than the smaller. Basically the actual measurement of firm size is the size of capital it has in the field of its operation(Bonaccorsi, 1992). With the use of bigger capital the firm expands its operational area and thus can become a bigger firm in size, which gives the firm better competitive opportunity to position their product in the international market (Li Ling-yee). So it is seen that financial resources have positive impact on overall export performance.

According to Li Ling-Yee and Gabriel key driving factor of financial resources are 1) good source of working capital in the international market, 2) the firm is in such kind of financial strength to offer international buyer flexible credit terms for international transactions and 3) Firm can gain competitive cost leadership advantage in the international market(Li Ling-yee).

Competitive firms, in the international market, tend to have competitive advantage in both production and marketing venture. In those circumstances firms try to reduce the

unit cost of production at the minimum level so that they can avail the cost leadership positioning in the market(Li Ling-ye). For this perspective firms need bigger production capacity and flexible mobility of capital resources are main driving force in that case(Li Ling-ye). For an instance, for introducing a high-tech machine in the firm production level, the firm needs a handsome amount of capital but this is a fixed investment, because those kinds of machineries have high production life. But those kinds of technologies are pretty important for the firm to provide with high quality output with proper utilization of resources and minimization of labor & energy cost(Li Ling-ye; S. S. Shaoming Zou, 1998). The Firms thus can attain better competitive advantage in the market.

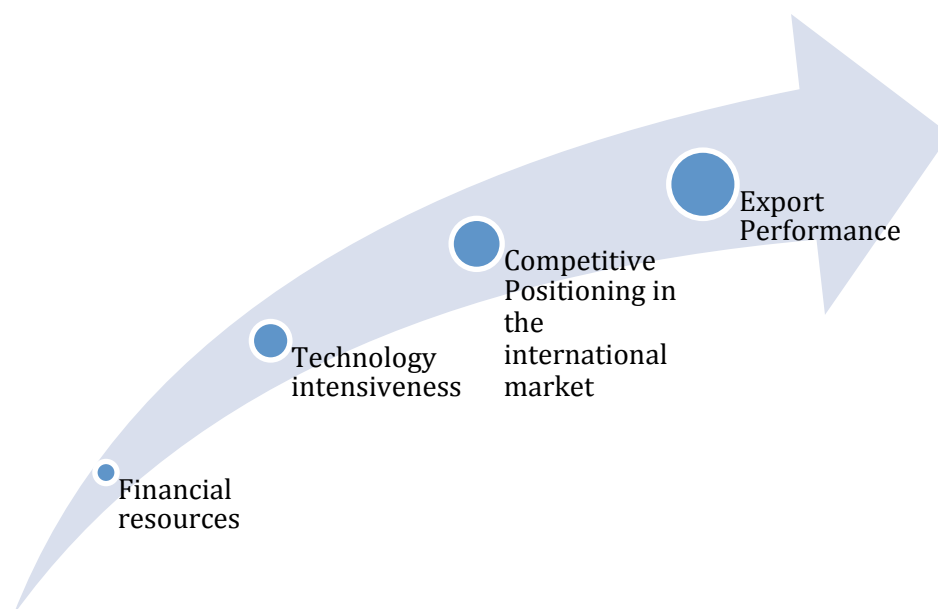


Figure 12: Influence of Financial resources and Technology on Export performance

#### 4.3.6 Management

During last few decades the issue of *management influence on firm's export performance* has been focused a lot. The key attributes of management that are driving force for effective international market strategy, are 1) international experience, and 2) export commitment (N. F. P. Constantine S. Katsikeas, Chris Ioannidis, 1996; J. Guan \*, 2003; Leonidas C. Leonidou, 2002; Sequeira, 1993; S. S. Shaoming Zou, 1998; Xiucun, 1996). Strong management attribute plays positive role in maintaining good condition in the market. Thus there is a strong positive relationship between management performance and export performance(S. S.

Shaoming Zou, 1998). Carlos, Emilio and Fernando showed that managers' risk perception ability, flexibility and dynamism are influencing factors for the firm's international market(Carlos M.P. Sousa, 2010).

#### 4.3.7 Manager's International Experience

Manager's international experience can be attributed as the Manager's involvement of number of years in the firm's international business operations and relevant policy making which has ultimately affected positively the firm's export performance(Sequeira, 1993). In real life business practical experience helps the managers to strengthen their knowledge about international market behavior. Different outcomes of experienced management have been found in different studies. Risk perception capacity(Nevin, 1981), specific market uncertainty (Hoang, 1998), international consumer behavior, prediction about sudden fluctuation in currency rate (Sequeira, 1993) are the main factors found. Thus managerial experience has great impact on firm's internal and external strength that together affect firm's export performance(N. F. P. Constantine S. Katsikeas, Chris Ioannidis, 1996; Sequeira, 1993).

Less experienced managers are found ineffective or less effective in uncertain business environment(Constantine S. Katsikeas, 1994; D. A. K. Shaoming Zou, and S. Tamer Cavusgil 2009). The main reason is that they hardly have faced that kind of uncertain situation before. Experienced managers are highly committed(D. A. K. Shaoming Zou, and S. Tamer Cavusgil 2009) and motivated to achieve the goal in international market. They have in-depth knowledge of specific market know-how that helps them to formulate strategic market plan(Nevin, 1981).

International market has different types of risks, like, entry barrier, understanding consumer choice and demand which subject to change every now and then, sudden appearance of a strong competitor in that specific market, Government influence, currency rate fluctuations, vulnerable supply chain (challenge to choose the right chain that has smaller lead time). Some risks are controllable and some are not. In case of controllable risk using the last experience management can face the situation

but in the case of uncontrollable risky environment experienced managers can even take precautionary measure measures (for instance, experienced managers can predict before about the sudden fall in domestic currency rate against Us Dollars, accordingly they have some sort of preparation well in advance).

Apart from these factors, managers can play the role service quality improvement; improve the communication level through different levels of business and distribution levels that can improve the distribution facility, overseas marketing development strategy(N. F. P. a. C. I. Constantine S. Katsikeas, 1996).

It can be recapitulated from the finding that experience can help reducing uncertainty in the foreign market and can give management the confidence to believe that they can consider problems regarding exporting are manageable(Constantine S. Katsikeas, 1994). It is worth mentioning that experience along with financial flexibility, are the main motivating factors for export commitment(D. A. K. Shaoming Zou, and S. Tamer Cavusgil 2009).

#### **4.3.8 Management commitment**

According to Zoa and Stan, high management gives the firms more chances of capturing new market opportunities(S. S. Shaoming Zou, 1998). Management commitment has strong positive impact on export performance(N. F. P. Constantine S. Katsikeas, Chris Ioannidis, 1996; Sequeira, 1993). In the case of committed management Government export promotion programs are found highly effective in gaining fruitful export result(T. O. S. a. M. R. Czinkota, 1994). Committed managers are highly motivated figure out the international market condition and their own condition of the firm so that they can make effective plan to enter the market or survive in the market with better profit generation(T. O. S. a. M. R. Czinkota, 1994). Usually SWOT analysis is done under those circumstances to address the firm's internal strength & weakness, international market opportunities, and the threats in the form of unexpected competitions, risk relating to the fluctuations in the currency rate or export barriers. As the managers are highly committed they take concentrative

actions to formulate the strategic plans under the finding of SWOT analysis that can bring better result in the long run(S. S. Shaoming Zou, 1998).

Certain level of Management commitment is essential for the firm's strategic plan(D. A. K. Shaoming Zou, and S. Tamer Cavusgil 2009). Formulation of planning for international market is basically a long-term venture, which most likely to reduce the profit margin for short-term(D. A. K. Shaoming Zou, and S. Tamer Cavusgil 2009). But management need to have an approximate idea for how long they need to keep sacrificing margin to get a sustainable positioning in the specific foreign market. After reaching the stage of sustainable positioning, then it will not be a very big challenge for the managers to keep their current position or doing better, because by the mean time, the managers will be more experienced in the market and they are already highly committed. But at the very beginning of the process managers need to consider some important factors. Those are they have enough capital to or source of capital to invest, willingness to invest time and manpower (Nevin, 1981; D. A. K. Shaoming Zou, and S. Tamer Cavusgil 2009). Even in most cases, they need to forebear bigger opportunity cost in the short-term(D. A. K. Shaoming Zou, and S. Tamer Cavusgil 2009).

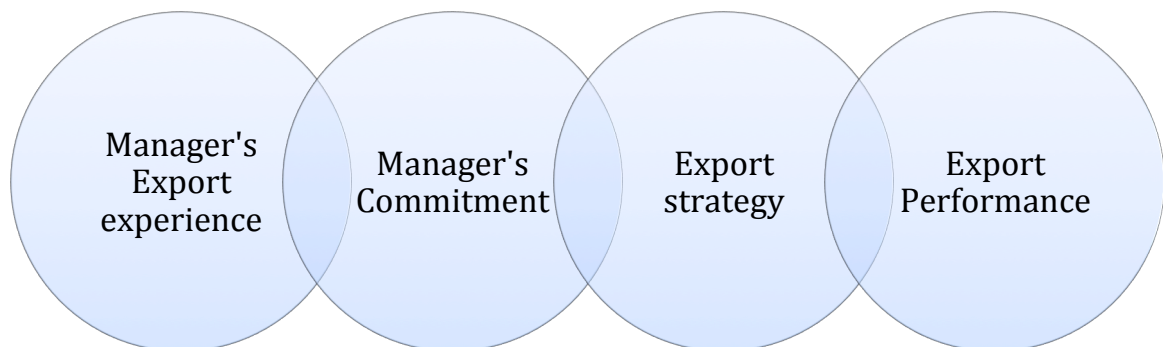


Figure 13: Relationship of Management attitude toward Export performance(Ali, 2006)



#### 4.4 Export Strategy

Export strategy can be defined as the firm's reaction in response to export market behavior (consumer, Competitors, Export Government behavior) to accomplish the export market objective (Leonidas C. Leonidou, 2002; Zou, 1994)). Export strategy is basically a cluster of plans for proper utilization of firm's internal and external resources, which directly affect firms export performance positively (Leonidas C. Leonidou, 2002; Zou, 1994)). For an instance, wrong selection market or distribution channel can be well enough reason to get the product out of the market at least for a specific period of time.

A typical marketing manager takes the firm's own characteristics, product characteristics and export market characteristics under the consideration in formulating and executing marketing strategic planning (Hoang, 1998; Sequeira, 1993). International market is more vulnerable and risky than the domestic market. The factors that make the difference are consumer behavior, unknown competitors, international supply chain, host country's importing regulations etc. But at the same time there is more opportunity to get higher profitability and grown in international market than in domestic market. So there is more chance to gain from international market if the international market risk can be controlled at certain level. Managers have been advised in different studies to identify precisely and separately market risk (threat) and opportunities, which can be more effective to formulate the plan. Now a day, one of the biggest challenges the managers are facing is to find the way to isolate the threats and opportunities.

Different studies have shown that focusing on some specific stages can be effective for the management:

- a) Budgeting and planning for the target market(s),
- b) Organizing the planning process
- c) Proper utilization of firm's resources and market research

*Source: (Hoang, 1998; Zou, 1994)*

These three stages are going through the concept of marketing mix under the consideration of Product adaptation, Product strength, Price adaptation, and Distribution channel strategy, which are the key driving forces for successful positioning of the product in the targeted market(Zou, 1994).

#### 4.4.1 Product adaptation

Product adaptation indicates the degree of positioning of the product in the foreign market facing foreign market behavior that includes competitor of that market, consumers and other market barriers(Leonidas C. Leonidou, 2002). Many studies have found that product needs have some specific focus point, which can make its process effective for adaptation.

Some success factors for product adaptation are

- ✓ Unique design,
- ✓ Unique quality,
- ✓ Low price (in case of cost leadership),
- ✓ Low unit cost (influenced by cost minimization in the production process),
- ✓ Availability of better quality raw materials at low price,
- ✓ Short lead time,
- ✓ Product flexibility that allows the product modification in need,
- ✓ Cross cultural issues in designing the product,
- ✓ Weather issue in designing the product,
- ✓ Management commitment etc.

*Source: (N. F. P. Constantine S. Katsikeas, Chris Ioannidis, 1996; Hoang, 1998; J. Guan 关, 2003; D. A. K. Shaoming Zou, and S. Tamer Cavusgil 2009)*

Product adaptation has three benefits for the further marketing process.

- Product has been adapted in a complex market; it means there has been a systemic plan the managers know about. So the managers are very much aware of the consumer behavior and market characteristics. That helps to sustain the growth in the market(Leonidas C. Leonidou, 2002; S. S. Shaoming Zou, 1998).

- As the product has been positioned in the foreign market with unique strength and quality, it will more likely to get better profitability, higher customer satisfaction and loyalty. In that case using the better product image that has already been created, firm can get more freedom to put the price level higher (Differentiation strategy) that ensures higher profitability (Leonidas C. Leonidou, 2002; S. S. Shaoming Zou, 1998).
- Experience of dealing with high demanding customers makes the product highly dynamic and flexible through the managers can innovate ideas to redesign the product and market that suits contemporary customer choice that helps the product to be up to date in the market always. This kind of marketing experience motivates the managers to be highly committed to expand their international market but at the same time they can render highly superior customer value in their domestic market too (Leonidas C. Leonidou, 2002; S. S. Shaoming Zou, 1998).

*Source: (Leonidas C. Leonidou, 2002; S. S. Shaoming Zou, 1998)*

From the analysis of product adaptation advantages there has been very positive relationship between product adaptation and export performance. But in the cases of high cost of adaptation and longer time taking adaptation process may cause negative impact on export performance (Chhokar, 1986).

#### **4.4.2 Distribution channels**

Different distribution channels like indirect exporting through agents or buying houses, direct exporting, franchising, contracting and licensing are studied in different researches. Hoang and Peter has shown that firm size has immense influence on choosing distribution channels (Hoang, 1998).

#### **4.4.3 Pricing**

In export market pricing is highly emphasized element of marketing mix. Some pricing related decisions like price driven strategy, Sales term policy, credit sales policy, methods of pricing under contingent circumstances and pricing adaptability have great influence on product's export performance in the international

market(Leonidas C. Leonidou, 2002). Most cases lower price links better competitive advantages and export performance in both short and long run(Sequeira, 1993). Price oriented strategies are cost leadership, differentiation and focus group. Cost leadership is the most common in the market especially very applicable for consumer goods. Under this strategy firm tends to minimize the cost of production keeping the quality at certain level so that they can put the price down in the market(Javier González-Benito, 2012). Under this circumstance the firm tends to get higher market share using the competitive advantage of low price. Cost leadership is actually a price cost relationship strategy(Sequeira, 1993) that needs good investment at the beginning to accelerate higher productivity that ensure higher volume of production at lower price. Technology and skilled productive labors are the key driving force in this regard(Sequeira, 1993).

Differentiation is a strategy of using innovation to make the product unique so that the competitors can hardly copy it(Javier González-Benito, 2012). Differentiation capacity gives the freedom to put the price level even higher. Here in this case the customers manly focus on quality and design rather than price.

Very sophisticated groups are focused under focus strategy. Managers here don't bother about the market share or sales volume rather they will focus on very high profit margin(Javier González-Benito, 2012).

## **4.5 Government role and export performance**

Government role is a very important factor to fuel up export performance. Especially for the small firms it is very difficult to survive in the international market without proper guidance of the respective Government.

### **4.5.1 Government Export Promotion**

Different studies shows that government role in export promotion has great positive impact on the firm's export performance(N. F. P. Constantine S. Katsikeas, Chris Ioannidis, 1996). Government can fuel up firm's competence in the export market by helping its internal production process and being an international marketing intelligence can providing with important information about international market. Moreover Government national financial plan has, in many countries, special

allocation for export oriented manufacturing firms because export revenue is very important for the country's national economy and balance of payment at large. Through this kind of offerings from the Government firm can get different kinds of project loan for production process and marketing imitativeness(N. F. P. a. C. I. Constantine S. Katsikeas, 1996). Firms' own strength is very important for the proper utilization of Government help. Because Government in general, will not directly handle private companies' operations rather the firm itself need to have committed managers and other resources so that they can use the Government help international market operations.

Government export assistance operation needs to be addressed both within the Government and externally(M. R. Czinkota, 1993). Assistance within the Government indicates how Government agencies can help firms collecting information regarding international market opportunities; it can be in the form of arrangement of direct relationship with foreign customers or even Government diplomatic role to find the best-suited market for the domestic firms in the international market etc. on the other hand, Government external assistance focus on external industrial opportunities in the foreign market(M. R. Czinkota, 1993). Coordination between the within the Government and External Government assistance is pretty important to plan for an effective assistance program(M. R. Czinkota, 1993).

Information and technology based Government promotions are very helpful for the firms to accelerate their operations(N. F. P. a. C. I. Constantine S. Katsikeas, 1996). Government research and training programs help the manufacturing firms to know about the high technology operation. The present dynamic export market environment forces the product line to be technology intensive. So it is very important especially for the developing and lower developing countries' firms, to be introduced with the know-how of high technology production system(N. F. P. a. C. I. Constantine S. Katsikeas, 1996).

Government has also some specific responsibilities to design the export assistance programs. The assistance programs should be designed in such a way to play the role in both minimizing export related risks and export profit maximization(M. R.

Czinkota, 1993). So the focus area in designing the export assistance programs is the gap between profit and risk, so that management get direct assistance to improve their limitations to cope with the international market environmental risks(M. R. Czinkota, 1993). If the government focus is not very specific it will be very difficult for small or medium size firms to isolate the problem area that may demotivate them to go international. But at the same time it is strongly recommended that Government assistance program should not only assist the small or medium size firms but also it should help the domestic or internationally successful firms to do better result in the foreign market(M. R. Czinkota, 1993).

By recapitulating it can be said that Government assistance programs should be designed in such a way that can give the management a sustainable platform to address the export market opportunities and can make effective strategic planning for international market adaption(T. O. S. a. M. R. Czinkota, 1994).

#### 4.5.2 Government exports barriers

Government barriers can take place in different ways: 1) lack of Government assistance for domestic and international markets, 2) different bureaucratic problems (different agencies' illegal transactions for self-interest), 3) Infrastructural problem(Chhokar, 1986; Taneja, 2001).

Lack of Government assistance is something that Government is not helping but illegal transaction of different government agencies is something that Government itself is making problem for the export business. Second one more harmful than others. Anyway no studies found any positive impact of Government barriers on export performance.

Production and shipping costs are becoming higher at the end of production process even though the firm's internal production cost and labor costs are low, due to unexpected transaction costs(Taneja, 2001) that take place for the following reasons:

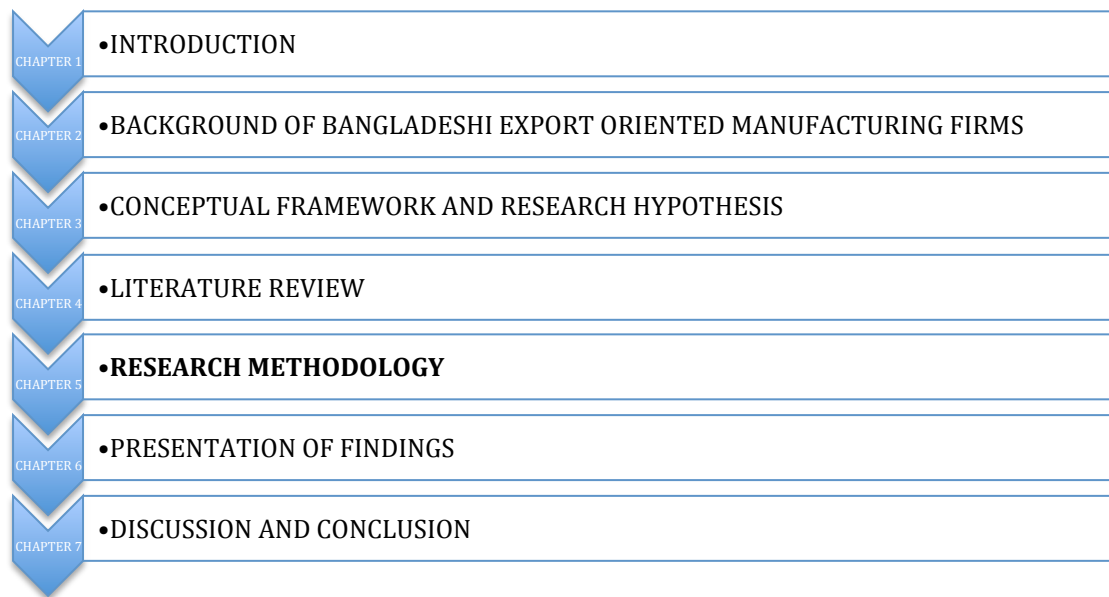
- ◆ Bureaucratic system makes delay for shipment,

- ◆ Repetitions of the same rules and regulations that could have been avoided in one-stop service center, that is also the reason for delay of production time and thus the lead time of delivering output is high,
- ◆ Poor communication system is responsible for late delivery
- ◆ Poor port authority system
- ◆ Inadequate power supply for the production process that makes the production costs higher,
- ◆ No Government financial assistance for the small manufacturing firms, thus though having some unique quality of the product line those small firms cant go beyond their domestic market,
- ◆ Corruption

*Source:(Fisher, 2006; Taneja, 2001)*

While medium or small size firm's strategy, in most cases, is to minimize the production and marketing cost, then if Government agencies play the role that makes the cost higher for the firms, it is becoming very difficult thereafter to do business internationally. Moreover these kinds of production and export barriers demotivate the firms to go international which ultimately makes negative impact on export performance(Taneja, 2001).

## Thesis Outline



## 5 Research Methodology

### 5.1 Research methodology

Research methodology is basically the design of the basic question: *How the research will be conducted.* It shows the indication of the systemic process to accelerate the study as to get the fruitful result eventually: *the ultimate objective of any research study.*

Research is, however, an on-going process. Thus importance of research is obviously immense in contribution of acceleration and accumulation of knowledge in any particular field(bel, 2007).

A Research is undertaken under the following circumstances:

- There is in need of critical decision making,
- There is ample time before the decision is made,
- Important and reliable information are available,
- The outcome of the research is important for the decision making and
- The most important fact is to make sure that the value of the research outcome is well bigger than the cost of accelerating the whole thesis.

(Anderson, 2011)



There are different ways to analyze any research study. But in most cases, *Quantitative and Quantitative methods* are being used widely. Qualitative research is connected primarily with process, rather than outcomes and mainly focuses on the concept: *how people make sense in supporting their own thinking about their lives and experiences in the real world*. Qualitative research method is a descriptive process through which the real picture of meaning and understanding can be gained (Merriam, 1998).

The process of this research approach accelerates through abstraction, concepts, and hypothesis and in-detailed description of relevant concepts and theories (Merriam, 1998).

Quantitative research design, on the other hand, focuses on measurement, causality and generalization. The assumptions of quantitative research are:

- I. There is an object reality of social fact.
  - II. The focus point is primacy of method.
  - III. Relationships are measured through identifying the variables and
  - IV. Subject matter is based on the Outside's point of view (Etic)
- (Glesne, 1992)

The purposes of quantitative method are ***generalization, prediction and verifying casual explanations*** (Glesne, 1992). The approach of this process is based on

- ✓ *Observation,*
- ✓ *Primary research,*
- ✓ *Hypothesis design,*
- ✓ *Manipulation and measurement of variables in the hypothesis,*
- ✓ *Experimentation,*
- ✓ *Deduction,*
- ✓ *Analysis of components,*
- ✓ *Data reduction,*
- ✓ *Abstract write-up*

(Glesne, 1992).

This chapter represents the explanation of research procedure relying on selected relevant approaches and raw information available for analysis of the study. It is

worth mentioning that in the stage of information collection it is important to know which information is most relevant and if those are available enough.

## 5.2 Research design

A research is followed through a scientific course of action on which basis the research outcome is looked for. Basically research follow-through is a way to find the source of data, research technique and sampling methods. The main aim of this follow through is to get the direction of the research process (bel, 2007).

The subject matters of the research design are

1. Prior knowledge about the phenomenon studied is pre-requisite for explorative research.
2. Describing the characteristics of objects and specified population or organization is the main purpose of the descriptive research approach.
3. Cause and effect relationship is the outcome of casual research (Zikmund, 2010).

According to Otto Anderson (2011), Research design is the master plan for the whole research process. In different cases like *exploratory, descriptive or casual* research design is used as the helping hand in collecting data and analyzing those data (Anderson, 1997, 2011).

## 5.3 Data collection and Sampling

The population means the whole group of people, events or anything going under consideration of investigation by the researcher (Gujarati, 2003). In this study the target population includes Export oriented medium size Bangladeshi firms. To be more specific the CEO's, Managing directors, Marketing managers, Managers regarding international business or export managers, sales managers, logistic managers are the targeted focus group for sampling. In this study three main commercial cities have been targeted for raw data collection. Most firms are located especially in these three cities. Because Dhaka is capital city of Bangladesh,

Chittagong the main seaport in Bangladesh and Narayanganj is the third largest commercial city just after Dhaka and Chittagong. The basic information regarding the list of exporting products and firms and their addresses have been collected from the website of Export Promotion Bureau, Bangladesh and the website of Ministry of Commerce, Bangladesh.

There is an important distinction between primary and secondary data. Primary data is sourced from people or different organizations and most importantly these are unpublished data while on the other hand the secondary data source may be of books published journals, newspapers, magazines, published thesis or case study. Big part of data has been collected from primary data source through one-on-one interviews. But the interview process has been undertaken in different ways: 1) Respondents instantly answered the questions, 2) Respondents kept the questionnaire and returned it after a specific time frame by filling the questionnaire and 3) Feedback through mail. These ways have been followed because of time constraints.

In this study primary data is mostly used through semi-structured questionnaire with individual one-on-one interviews and at the same time some extent of secondary data have also been used through online publications, books and websites.

The sample size of the study is 104. The whole questionnaire is in English because the targeted group is the top-level officials of the firm. They conduct their business in the international level in English.

**Table 2 Sample data**

Number of questionnaire supplied	No. Questionnaire feedback	No. Of respondents by location			Response rate
		Dhk	Ctg	Nyr	
152	104	58	36	10	68.42%

*Source: survey data*

Dhk = Dhaka

Ctg = Chittagong

Nyr = Narayanganj

The questionnaire thirty-six questions in five parts: A) Firm's own strength, B) Government Assistance, C) Government Export barriers, D) Export Strategy and E)

Export performance. The overall objective of the questionnaire is to find out the (Dodge, 2003b) scenario of the firm state under the above stated five parts.

#### 5.4 Dependent variable

Dependent variable refers to the subject matter of study or output which is dependent on other factors, variables or course of action (Dodge, 2003b).

Dodge has termed dependent variable as a 'response variable', 'regressed variable', 'measured variable', 'explained variable', 'output variable', and 'outcome variable' (Dodge, 2003a). Dependent variable is however, output oriented but it needs to take other influencing factors under consideration to get the desired result or output.

The dependent variable can be shown as

$$Y = f(X, Z)$$

Where Y is the dependent variable dependent on other variables X and Z.

In this study the relationship between dependent and independent relationship is as follow:

$$\text{EXPORT PERFORMANCE} = f(\text{Firm}, \text{Government role})$$

Here Export performance is the output or dependent variable that my study is going to focus on and the output or the result of export performance is dependent on other influencing factors; Firm role and strength and Government role in this regard.

##### 5.4.1 Measurement of Export performance

As discussed earlier in the literature review part, export performance has been measured in mainly two ways:

1. Economic (Profit and sales growth)
2. Strategic (Market coverage and competitive positioning)

(Zoe, 1994)

204 medium size-exporting firms have been selected to get a concrete result of the export performance of the firm. 'Part E' in the questionnaire represents the questions of measuring export performance. In this section, managers were asked about sales growth, market share, competitive strength and return on Investment (ROI) or profitability of the firm on the basis of 7 scale questions. 7 scale questions have been

designed as follows: *1 = Strongly disagree, 2 = Disagree, 3 = Merely disagree, 4 = neither Disagree nor Agree, 5 = Merely agree, 6 = Agree, 7 = Strongly Agree.*

The main reason behind making 7 scale questions is to get management perceptions in more detailed way about the respective issue. Moreover in most cases, managers don't want to give very precise answer about something like firm's profitability, sales figures etc. But in case of questions regarding perception they however don't hesitate to response. In this section firstly the managers were asked about their perception regarding their level of satisfaction of their contribution of exporting in their sales growth. And then the influencing of exporting to improve their market share, exporting and competitive strength and above all export & profitability have been focused on in this part of the questionnaire.

## 5.5 Independent variables

Dodge (2003) termed independent variable as 'predictor variable', 'manipulated variable', and 'explanatory variable' or an 'input variable' (Dodge, 2003a).

Actually independent variables work like inputs in the operational model. The role all about the independent variable playing is to get the output or the value of dependent variable.

*Export Performance = f(Firm, Government)*

Here the Firm role and Government role are the independent variables.

*Firm role has been studied in this model 1) Firms strength and 2) Firm's export strategy*

*And on the other hand, Government role has been classified as 1) Government assistance and 2) Government Export barriers.*

### Measurement of independent variables

#### 5.5.1 Firm Strength

To measure the firm strength top-level managers or the managers relating to the firm's Export business were targeted for the interviews. They were asked about the age of the firm, firm's export experience, managers' export experience and domestic

market share of the firm. The questions were organized as four-options multiple-choice questions that helped the managers to think one option.

### 5.5.2 Firm exports strategy

The subject matters of measuring export market strategy are *target market; export customers, product adaptation, product positioning, packaging design, support of foreign distributors, and competitiveness in the export market and product uniqueness*. These points have been borrowed from Zoe (Zoe, 1994).

Managers were asked to choose their level of satisfaction on the 7-scale base questions (Strongly disagree to Strongly agree) they put their level of satisfaction on those points stated above.

### 5.5.3 Government Assistance

Part B' of the questionnaire represents 14 questions regarding government facilities available for the exporting firms. The managers of the specific firm were asked about their satisfaction level from the view point of Government assistance in their export business operations on the 7-scale base questions (Strongly disagree – Strongly agree) The motto of these questions regarding Government assistance was to get the real scenario of firm's level of satisfaction regarding effectiveness of Government help in their international business.

### 5.5.4 Government Export Barriers

Part C' of the questionnaire has 5 seven-scale based questions (Strongly disagree-Strongly agree). The subject matters of those questions are

- ✓ Govt. port authority system,
- ✓ Transportation system,
- ✓ Supply of energy for production,
- ✓ Govt. bureaucratic system and
- ✓ Govt. financial assistance.

Managers were asked to choose one option out of 7 scale options to identify firm's specific barriers coming from Government.

## 5.6 Factor analysis

Factor analysis is a statistical method that basically shows the validity and reliability among observed and co-related variables (Bartholomew, 2008). In addition to that it focuses on the interrelationships between a large numbers of variables. These variables are known as factors (Anderson, 2011). However, factors are those variables, which have potentially lower numbers of unobserved variables. Observed variables in this regard are known as *the linear combination of potential variables plus errors* (Bartholomew, 2008).

Exploratory factor analysis has been used in this study for data reduction technique as to get more specified and valid data for the regression analysis. Exploratory factor analysis is a method within factor analysis and is used to identify the relationships between measured variables (Norris, 17 July, 2009).

As the rule of thumb there should be at more than 50 observations, but 100 or bigger size is highly recommended and the *Cronbach's Alpha* that shows the correlation below 0.5 represents unacceptable factor analysis that will be deducted from this list of variables and will be treated as *not valid* data for the further analysis, if it is .60 it is called *mediocre*, *middling* in case of .70, .80 or above indicates *meritorious* and .90 or above represents *marvelous* (Anderson, 2011).

## 5.7 Regression analysis

Regression analysis is a statistical tool used to measure the relationship among variables. It consists of modeling and analyzing the relationship between a dependent and one or more independent variable(s) (Armstrong, 2012).

However, regression analysis is more precisely used to measure the value of dependent variable or output or what changes take place when there is any change the value of any independent variable. That is why regression analysis is used to verify the conditional expectations of the dependent variable in response to the change in the value of independent variables (Armstrong, 2012).

For an instance the regression model for the study is

Export performance =  $\alpha + \beta_1 \text{Firm strength} + \beta_2 \text{Government role}$

Where  $\alpha$  = constant,

$\beta_1$  = Slope of Firm strength

(that indicated the amount of change in the value of firm strength

$\beta_2$  = Slope of Govt. role

(that indicated the amount of change in the value of Govt. role

Export performance is dependent variable and Firm strength and Govt. role are independent variables.

### 5.8 The estimated model

As discussed in the conceptual framework chapter, relationships have been shown among Government assistance, firm's assistance, and Government export barriers, export strategy and export performance, however the empirical results are yet to be isolated clearly. The motto of the model is to prove the statistical relationship among the variables that ultimately help to test the hypothesis. The model in this regard in the study can be shown in the following way:

$EXP = f(\text{Government}, \text{Firms})$

$EXP = \alpha + \beta_1 \log(\text{GA}) + \beta_2 \log(\text{FS}) + \beta_3 \log(\text{ES}) + \beta_4 \log(\text{GE}) + \varepsilon$

Where,

EXP = Export Performance

$\beta$  = Slope

Log (GA) = Logarithm of Government export assistance

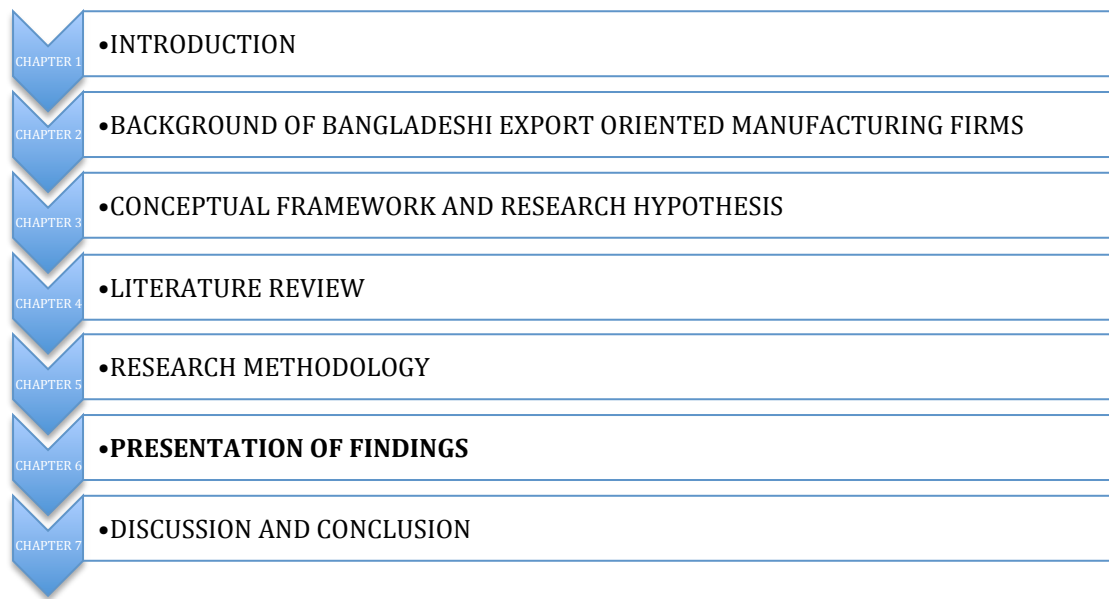
Log (FS) = Firm Strength

Log (ES) = Export Strategy

Log (GE) = Government barriers to exporting



## Thesis Outline



## 6 Presentation of Findings

### 6.1 Analysis and findings

This chapter is designed to focus on the finding derived from the analysis of the data collected and sorted through semi-structured questionnaire. The discursion of the presentation will be followed up in the next chapter. The survey has covered the interviews of 104 Bangladeshi manufacturing firms, which have already some sort of export experiences. The result of this survey has been analyzed through running of SPSS software that helps to go through the road map: factor analysis for reliability and validity of raw data, regression analysis for the co-relation of dependent and independent variables (that helps to test the research hypothesis) and detailed statistical analysis through mean, media, mood, minimum and maximum values.

## 6.2 Reliability and validity

Factor analysis has been used to find out the reliability and validity in this study.

**Table 3 Reliability statistics**

Cronbach's Alpha	No. of items
.837	36

As it has been discussed in the methodology part that Cronbach's Alpha shows the correlation between the items. If the value of Cronbach's alpha is more than .50 there is some sort of correlation but it is treated as reliable when it is above .60. Under that circumstance the reliability of the items can be said very good as the Cronbach's alpha is .837 and according to Anderson that data is meritorious as it is more than .80 (Anderson, 2011).

The items of this study are thus having strong correlation, which will show down through this chapter in detailed with the help of regression analysis.

Table 4 Factors loading for five components

	Rescaled				
	Component				
	<i>Firm Strength</i>	<i>Export Performance</i>	<i>Export Strategy</i>	<i>Govt. Export barriers</i>	<i>Govt. Export Assistance</i>
<i>Firm age</i>	, 725				
<i>Firm Export Experience</i>	, 641				
<i>Manager's Export Experience</i>	, 592				
<i>Employee size of the firm</i>	, 880				
<i>Domestic market share of the firm</i>	, 758				
<i>Govt. duty free facility</i>					, 572
<i>Govt. supply of water</i>					, 800
<i>Govt. Govt. supply of Gas</i>					, 896
<i>Poor conditions of transportation</i>				, 695	
<i>Poor supply of energy for production</i>				, 698	
<i>Govt. bureaucratic system</i>				, 754	
<i>Lack of Govt. financial assistance</i>				, 718	
<i>Target market specification</i>			, 508		
<i>Export customers</i>			, 746		
<i>Initial product adaptation</i>			, 572		
<i>Product positioning strategy</i>			, 580		
<i>Packaging design</i>			, 631		
<i>Sales growth</i>		, 831			
<i>Market share</i>		, 783			
<i>Competitive strength</i>		, 575			
<i>Profitability</i>		, 697			

Extraction Method: Principal Component Analysis.  
 Rotation Method: Varimax with Kaiser Normalization.  
 Source: Survey data

This is the adjusted correlation table derived from factor analysis. The deducted items are govt. facility loan, Govt. income tax policy, and supply of electricity, govt. training program, and loan for the purchase of machinery, Govt. program for quality assurance, the role of Govt. diplomatic mission for finding better opportunities for specific market, information about distribution channel, information about entry barriers, information about international competitors, barriers regarding Govt. port authority system, overall support from foreign distributors, price competitiveness, and product uniqueness. In the case of Bangladeshi medium or small manufacturing export-oriented firms' context those above stated items are not effective.

### 6.3 Main model

This model shows the correlation between the variables that helps to support the findings of the analysis. This is done through *regression analysis*.

Table 5 Correlations between the variables

		<b>Firm Strength</b>	<b>Govt. Assistance</b>	<b>Govt. Export Barriers</b>	<b>Firm Export Strategy</b>	<b>Firm Export Performance</b>
<b>Firm Strength</b>	<b>Pearson Correlation</b>		, 176		, 630**	, 513**
	<b>Sig. (2-tailed)</b>		, 073		, 000	, 000
	<b>N</b>		104		104	104
<b>Govt. Assistance</b>	<b>Pearson Correlation</b>	, 176				
	<b>Sig. (2-tailed)</b>	, 073				
	<b>N</b>	104				
<b>Govt. Export Barriers</b>	<b>Pearson Correlation</b>					-, 191
	<b>Sig. (2-tailed)</b>					, 052
	<b>N</b>					104
<b>Firm Export Strategy</b>	<b>Pearson Correlation</b>	, 630**				, 740**
	<b>Sig. (2-tailed)</b>	, 000				, 000
	<b>N</b>	104				104
<b>Firm Export Performance</b>	<b>Pearson Correlation</b>	, 513**		-, 191	, 740**	
	<b>Sig. (2-tailed)</b>	, 000		, 052	, 000	
	<b>N</b>	104		104	104	

\*\* . Correlation is significant at 0.01 level (2-tailed)

As the rule of thumb if p is less than 0.05 there is a correlation. Since the sig is 2 tailed, there will be correlation if p is less than 0.01. And Pearson correlation indicates the strength of correlation. If this Pearson correlation is 0.5 or more and if the p is less than 0.01 the strength of the correlation is strong.

Under these circumstances it is seen from the above table that value of sig between firm strength and Government Assistance is 0.073 ( $p > 0.01$ ), so there is no correlation between Government assistance and Firm's strength.

In the hypothesis the relationship between Government export barriers and Export performance is negative (-), so in this case if  $p > 0.01$  there will be correlation totally opposite to the other relationship because other relationships are positively related. The value of sig is 0.52 ( $p > 0.01$ ), in case of relationship between Government export barriers and Export performance of the firm. So there is a correlation between these two variables, which paves the hypothesis to be tested.

On the other hand, the sig value between Firm strength and Export strategy is 0.000 ( $p < 0.01$ ) that means there is a good correlation between firm strength and export strategy and the strength of the correlation is even good because the Pearson correlation is 0.630 (bigger than 0.50 is good).

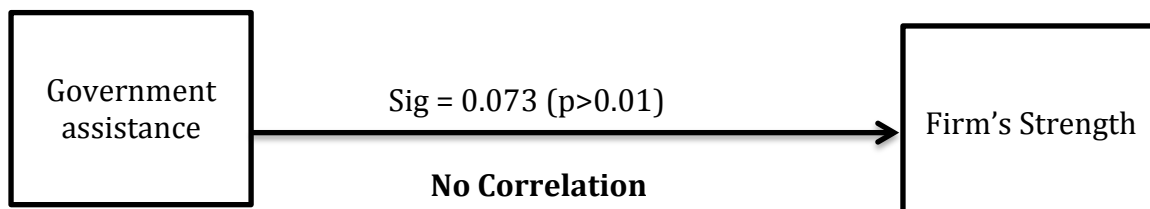
The relationship between Export strategy and Export performance shows that the sig is 0.00 ( $p < 0.01$ ), which indicates there is a correlation between Firm's export strategy and Firm's export performance. And the Pearson correlation is .740 (bigger than 0.05) that indicates the strength of correlation is strong enough.

At the last point we can see that sig value is 0.000 ( $p < 0.01$ ) in the case of direct relation between Firm's strength and Firm's export performance. That means there is a direct correlation between Firm's strength and Firm's Export performance.

### 6.3.1 Summarization of this model

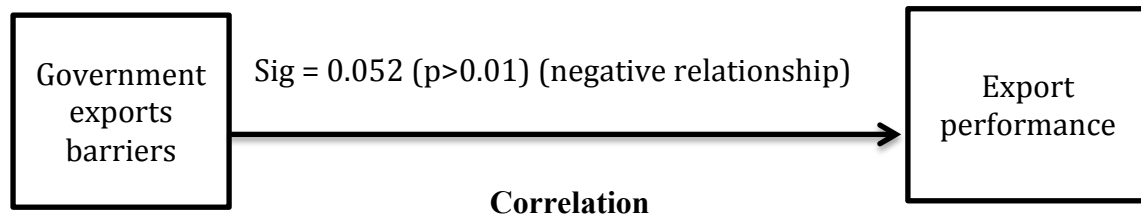
Hypothesis 1 (H1): **The Effective Government Export assistance programs make the firm more competent to ensure better export performance.**

Model 1 Correlation between Govt. assistance and Firm's strength



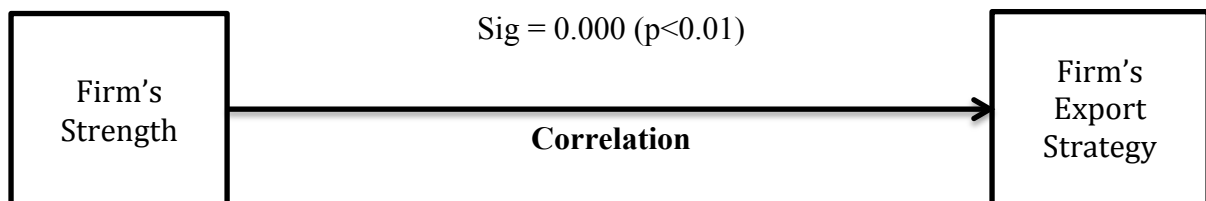
**H2: The higher the Government barriers, the more chance of failure in export performance.**

Model 2 Correlation between Govt. export barriers and Export performance



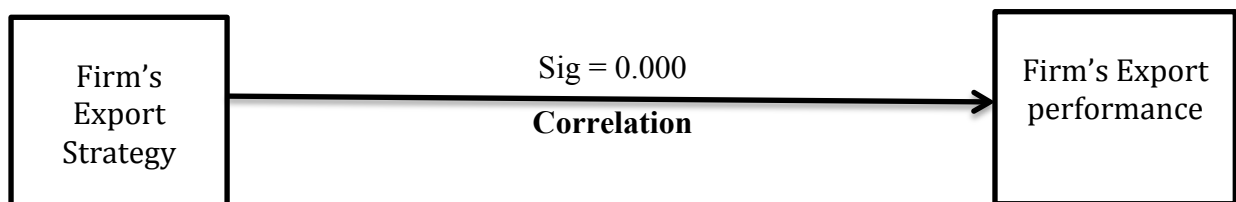
**H3: Better competencies (Strength) of the firm accelerate effective marketing strategic plan.**

Model 3 Correlation between Firm's strength and Firm's export strategy



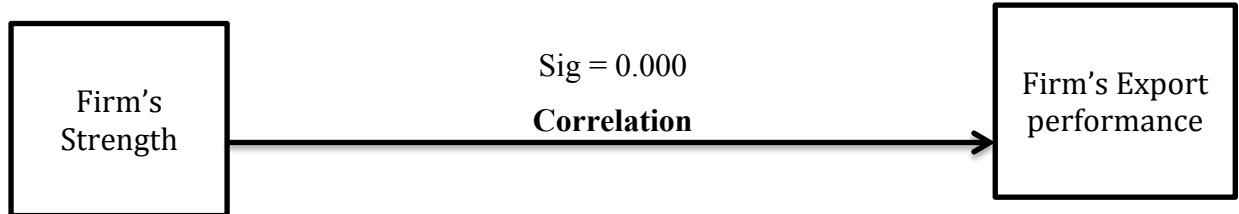
**H4: Better export performance is followed by the effective formulation and execution of export market strategy.**

Model 4 Correlation between Firm's Export strategy and Export performance



**H5: Firm's own strength accelerates better result in the Export performance.**

**Model 5 Correlation between Firm's strength and Export performance**



**Table 6 Summary of hypothesis and expected relationship**

Hypothesis	Expected relationship	sig	Supported or not
H1	+	0.073 (p>0.01)	Not supported
H2	-	0.52 (p>0.01)	Supported
H3	+	0.00 (p<0.01)	Supported
H4	+	0.00 (p<0.01)	Supported
H5	+	0.00 (p<0.01)	Supported

## 6.4 Descriptive statistics

It is pretty relevant to prescribe the condition of the firm's own strength.

### 6.4.1 Firm's age

**Table 7 Sample distribution of Firm's age**

Number	Valid	104
	Missing	1
Mean		3,26
Median		3,00
Mode		3
Std. Deviation		, 574
Minimum		2
Maximum		4

Source: survey data

For the scale data the most appropriate method to average the value is to find the mode of that observation.

So the mode value represents the average frequency. In the case of firm's age the mode value is 3 while equivalents firms age 6-10 years that indicates the firms have some sort of experience advantage in its business maturity level.

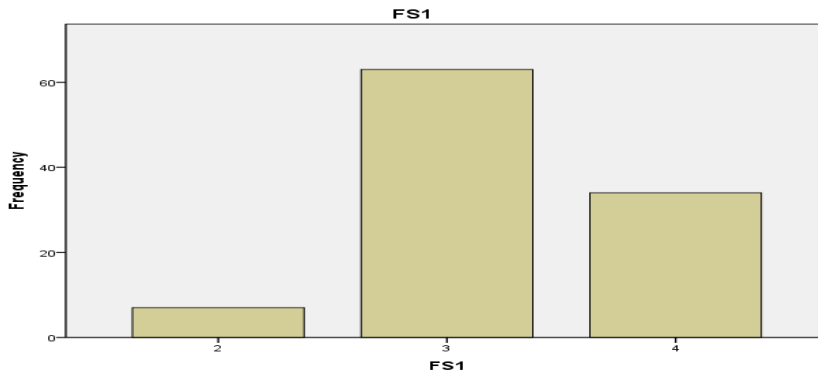
**Table 8 Descriptive data of firm age**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	7	6,7	6,7	6,7
	3	63	60,0	60,6	67,3
	4	34	32,4	32,7	100,0
	Total	104	99,0	100,0	
Missing	System	1	1,0		
Total		105	100,0		

Source: survey data



From this Figure it is seen that 63 frequencies out of 104 has the mode value 3. That means firm age between 6-10 years having firms is 63, which is 60.7% of the overall firms.



**Figure 13: Frequency distribution of Firm's age**

*Here FS1 indicates firm's age.*

To distinguish between the firm's domestic and international business operations there was another question regarding firm's export experience.

#### 6.4.2 Firm's export experience

**Table 9 Sample distribution of Firm's export experience**

Number	Valid	104
	Missing	1
Mean		2,25
Median		2,00
Mode		2
Std. Deviation		,747
Minimum		1
Maximum		4

*Source: survey data*

Mode of the firm's export experience is 2. That means the average firm's export experience lies between 3-6 years. That is not a good indication for firm's international business. But it is worth mentioning that my targeted firms were small or medium size that may have some good prospective in the international business but might need some sort of assistance from Government.

Table 10 Descriptive data of firm's export experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	15	14,3	14,4	14,4
	2	52	49,5	50,0	64,4
	3	33	31,4	31,7	96,2
	4	4	3,8	3,8	100,0
	Total	104	99,0	100,0	
Missing	System	1	1,0		
Total		105	100,0		

Source: survey data

The table shows that 52 firms out of 104 (50%) are having export experience between 3-6 years.

Then the next part of the firm's strength Manager's export experience which has the mood value of 3 that means the average managers export experience is between 6-10 that indicates a good sign for the firm's international business.

### 6.4.3 Managers' export experience

Table 11 Sample distribution of Managers' export experience

N	Valid	104
	Missing	1
Mean		3,25
Median		3,00
Mode		3
Std. Deviation		,665
Minimum		2
Maximum		4

Source: survey data

And the minimum value lies between 3-6 years (2) and the maximum values is in more than 10 years of managers' international experience.

**Table 12 Descriptive data of Managers' export experience**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	13	12,4	12,5	12,5
	3	52	49,5	50,0	62,5
	4	39	37,1	37,5	100,0
	Total	104	99,0	100,0	
Missing	System	1	1,0		
Total		105	100,0		

*Source: survey data*

This table shows that 50% responding firms are having managers with 6-10 years international business experience while on the other hand 12.5% firms have 3-6 years export business experience managers and 37.5% firms are having managers with more than 10 years experience of export business. It shows the indication that the firms have a tendency to hire experienced managers for export business even though the many cases the managers are more experienced then the age of the firm itself.

#### 6.4.4 Number of employees

**Table 13 Sample distribution of number of employees**

N	Valid	104
	Missing	1
Mean		3,05
Median		3,00
Mode		3
Std. Deviation		, 817
Minimum		1
Maximum		4

*Source: survey data*

This table shows that the mode value is 3 for the number of employees that means the average firms number of employees lies between 76-100 employees.

Table 14 Descriptive data of number of employees

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	3	2,9	2,9	2,9
	2	23	21,9	22,1	25,0
	3	44	41,9	42,3	67,3
	4	34	32,4	32,7	100,0
	Total	104	99,0	100,0	
Missing	System	1	1,0		
Total		105	100,0		

Source: survey data

It is seen that firms having 76-100 employees is 42.3%, on the other hand 22.1% firms have the number of employees between 51-75 and 32.7% firms are having number of employees more than 100 employees.

#### 6.4.5 Domestic market share of the firm

Table 15 Sample distribution of domestic market share of the firm

N	Valid	104
	Missing	1
Mean		2,01
Median		2,00
Mode		2
Std. Deviation		,731
Minimum		1
Maximum		3

Source: survey data

Mode of the domestic share of the firms is 2 that mean average firm's domestic market share lies between 5-10% that is another indicates the firms size is small or medium.

**Table 16 Descriptive data od domestic market share of the firm**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	27	25,7	26,0	26,0
	2	49	46,7	47,1	73,1
	3	28	26,7	26,9	100,0
	Total	104	99,0	100,0	
Missing	System	1	1,0		
Total		105	100,0		

*Source: survey data*

Here we can summarize that 47.1% (49 firms) firms have domestic market share 5-10%, while 26% (27 firms) firms are having below 5% domestic market share and 26.9% (3 firms) 10-15% market share.

Overall mean, median, minimum, Maximum value and standard deviation of all five variables has been shown here:

**Table 17 Overall descriptive statistics of all five variables**

	N	Minimum	Maximum	Mean	Std. Deviation
Firm Strength	104	6,25	16,75	12,3101	2,32272
Government assistance	104	37,29	61,57	52,8832	4,56135
Govt. Export barriers	104	19,57	29,00	23,4643	1,76887
Firm's Export strategy	104	21,57	40,71	33,5000	3,89550
Firm's export performance	104	9,43	20,00	15,4890	2,03094
Valid N (list wise)	104				

*Source: survey data*

## 6.5 Correlations among the items of all variables

This part shows that how items of one variable are correlated with another variables. There are altogether 21 items of 5 variables. Item wise relationship will help to analyze the result more clearly.

### 6.5.1 Correlations between Govt. assistance and Firm strength

Table 18 Correlations between Govt. assistance and firm strength

		Firm age	Firms Export experience	Managers' export experience	Number of employees of the firm	Domestic market share
Govt. duty free policy	Pearson Correlation	.091	.047	.074	.090	.043
	Sig. (2-tailed)	.356	.637	.457	.364	.664
	N	104	104	104	104	104
Water supply	Pearson Correlation	.089	.070	.034	.175	.121
	Sig. (2-tailed)	.369	.478	.733	.076	.220
	N	104	104	104	104	104
Supply of gas	Pearson Correlation	.049	-.047	-.053	.042	-.054
	Sig. (2-tailed)	.622	.633	.591	.672	.586
	N	104	104	104	104	104

Source: survey data

From this table we see that items are not correlated between these two variables. For an example the value of sig respectively .356, .637, .457, .364 and .664 ( $p > 0.01$ ) for firm age, firms export experience, managers export experience, no of employees and domestic market share with Govt. duty free policy. In the case of water supply and supply of gas items has no correlations with items of firms strength because  $p > 0.01$ .

### 6.5.2 Correlation between Govt. exports barriers and export performance

Table 19 Correlations between Govt. export barriers and export performance

		Sales growth	Market share	Competitive strength	Export profitability
Condition of transportation system	Pearson Correlation	.040	.015	-.056	-.005
	Sig. (2-tailed)	.684	.877	.575	.956
	N	104	104	104	104
Inadequate supply of energy	Pearson Correlation	-.035	-.100	-.171	-.161
	Sig. (2-tailed)	.723	.313	.082	.102
	N	104	104	104	104
Govt. bureaucratic system	Pearson Correlation	-.164	-.113	-.036	-.107
	Sig. (2-tailed)	.096	.255	.719	.280
	N	104	104	104	104
Govt. financial assistance	Pearson Correlation	-.177	-.181	-.147	-.079
	Sig. (2-tailed)	.072	.066	.137	.424
	N	104	104	104	104

Source: survey data

These two variables are negatively related in the framework. That means there will be correlations among the items if  $p > 0.01$  (reversing way). In that case we can see that all the items are correlated as the  $p > 0.01$ .

### 6.5.3 Correlation between Firms strength and Export strategy

Table 20 Correlations between firm's strength and export strategy

		Target market specification	Targeted export customers	Initial product adaptation	Product positioning strategy	Packaging design
Firm age	Pearson Correlation	.321	.330	.402	.401	.244
	Sig. (2-tailed)	.001	.001	.000	.000	.012
	N	104	104	104	104	104
Firms Export experience	Pearson Correlation	.460	.317	.390	.397	.342
	Sig. (2-tailed)	.000	.001	.000	.000	.000
	N	104	104	104	104	104
Managers' export experience	Pearson Correlation	.276	.245	.401	.447	.252
	Sig. (2-tailed)	.005	.012	.000	.000	.010
	N	104	104	104	104	104
Number of employees of the firm	Pearson Correlation	.479	.404	.440	.387	.236
	Sig. (2-tailed)	.000	.000	.000	.000	.016
	N	104	104	104	104	104
Domestic market share	Pearson Correlation	.385	.322	.421	.381	.309
	Sig. (2-tailed)	.000	.001	.000	.000	.001
	N	104	104	104	104	104

Source: survey data

This table shows positive correlations among all items between these two variables because  $p < 0.01$  in all cases. For an instance sig = 0.001,  $p < 0.01$  that means these two items are positively correlated and accordingly the correlations among the other items are positively related.

### 6.5.4 Correlations between export strategy and export performance

Table 21 Correlations between export strategies and export performance

		Sales growth	Market share	Competitive strength	Export profitability
Target market specification	Pearson Correlation	.423	.499	.405	.550
	Sig. (2-tailed)	.000	.000	.000	.000
	N	104	104	104	104
Targeted export customers	Pearson Correlation	.382	.510	.417	.390
	Sig. (2-tailed)	.000	.000	.000	.000
	N	104	104	104	104
Initial product adaptation	Pearson Correlation	.481	.564	.488	.561
	Sig. (2-tailed)	.000	.000	.000	.000
	N	104	104	104	104
Product positioning strategy	Pearson Correlation	.442	.521	.545	.588
	Sig. (2-tailed)	.000	.000	.000	.000
	N	104	104	104	104
Packaging design	Pearson Correlation	.281	.310	.290	.333
	Sig. (2-tailed)	.004	.001	.003	.001
	N	104	104	104	104

Source: survey data

This table also shows positive correlations among all the items between these two variables as  $p < 0.01$ .



## 6.5.5 Correlations between Firms strength and firm export performance

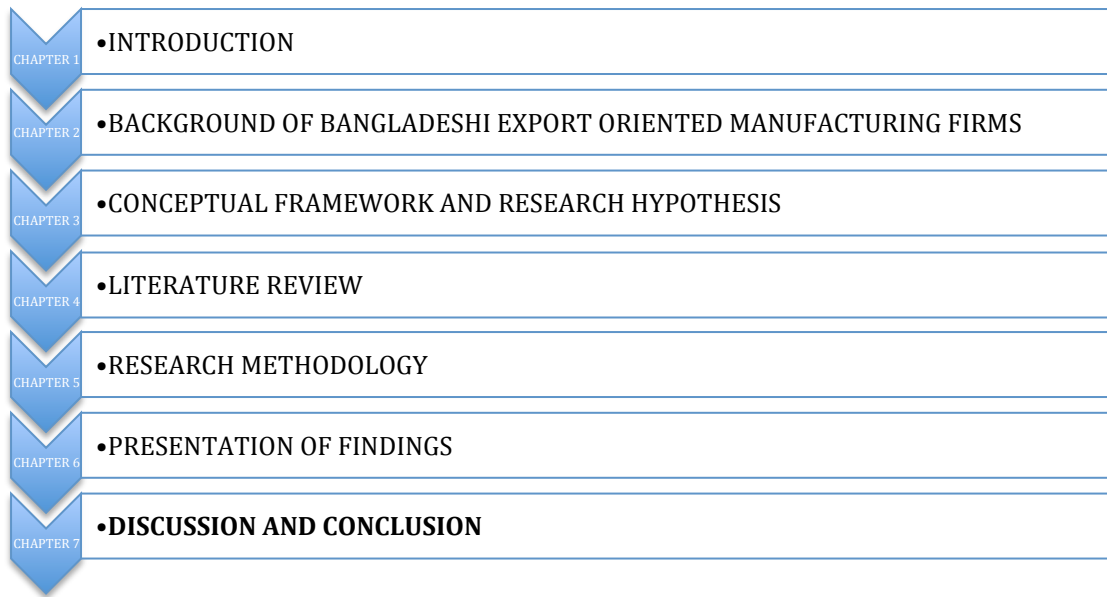
Table 22 Correlations between firm's strength and export performance

		Sales growth	Market share	Competitive strength	Export profitability
Firm age	Pearson Correlation	.185	.307	.301	.290
	Sig. (2-tailed)	.059	.002	.002	.003
	N	104	104	104	104
Firms Export experience	Pearson Correlation	.334	.378	.285	.364
	Sig. (2-tailed)	.001	.000	.003	.000
	N	104	104	104	104
Managers' export experience	Pearson Correlation	.174	.264	.301	.343
	Sig. (2-tailed)	.077	.007	.002	.000
	N	104	104	104	104
Number of employees of the firm	Pearson Correlation	.346	.340	.364	.434
	Sig. (2-tailed)	.000	.000	.000	.000
	N	104	104	104	104
Domestic market share	Pearson Correlation	.354	.359	.375	.399
	Sig. (2-tailed)	.000	.000	.000	.000
	N	104	104	104	104

Source: survey data

From this table we can see that only two items from each variable are having  $p > 0.01$  (these two cells have been blocked with different color. That means firm age & sales growth (sig = 0.059) and managers export experience and export sales growth (sig = 0.77) are not positively correlated, but the rest of the items of these two variables are positively correlated as  $p < 0.01$ .

## Thesis outline



## 7 Discussion and Conclusion

### 7.1 Discussion

Profitable export performance is the basic export goal of any export-oriented firms. That means the firm can evaluate its overall performance through the outcome from export performance. This study is, however, being carried on this basic fact of the firm's performance evaluation.

Basing on the theories relating to the factors affecting the firm's internalization process, here we tend to evaluate the actors behind the firm's export performance. This study shows the actors behind the firm's export performance in the context of Bangladeshi manufacturing firms are 1) Government export assistance, 2) Firm's strength, 3) Firm's export strategy, and 4) Government export barriers.

There are three research questions in this regard are

- ✓ *Are the Government Export Promotion Programs of Bangladesh effective enough to strengthen the firm's state of operation in export business?*
  - ✓ *Is the Government itself making export barriers for the firms and if there are barriers, do those barriers affect negatively to the export performance?*
- And*

- ✓ *Is the Firm strength itself, can accelerate positive export performance through the formulation and execution of effective export market strategy with little or no Government assistance?*

Here we tend to conclude the research by solving these three research questions through the analysis of regression model (shown in the analysis part)

### 7.1.1 Regression results and hypothesis testing

The regression results derived from the model shown in the analysis part are somehow mixed. The results are vulnerable in the relationship between Government export performance and firm strength. But in general the finding of this result may vary or even change depending on the research methodology selected for the study. As we have seen in many articles there is not fundamental rule to prove the theoretical basement on its functional relationship, the result of the same kind of study can come out with different methodologies and tools. But the relative comparative methods need to be ensured that the result is reliable.

### 7.1.2 Hypothesis testing

**H1: THE EFFECTIVE GOVERNMENT EXPORT ASSISTANCE PROGRAMS MAKE THE FIRM MORE COMPETENT TO ENSURE BETTER EXPORT PERFORMANCE.**

This hypothesis basically focuses the positive direct relationship between Government Export Assistance and Firm's strength.

IN the regression analysis we have seen from the given data that there is no correlation between these two variables (sig = 0.176,  $p > 0.01$ ). So, in Bangladesh perspective, Government assistance programs do not affect the firm assistance. Actually Government packaged programs for export oriented small firms are not sufficient enough for the firms to exploit opportunities and isolate the international market risks. In factor loading (factor analysis) majority items of Government export assistance has been removed, as the value of the items are so ineffective that ends up as invalid or unreliable data.

That means there is no effect of those items in this case. It shows that promotion programs that Bangladesh Government has taken for the export-oriented firms are not sufficient enough. The very important but insignificant (in this case) items are Government exports loans, Government income tax policy, supply of electricity, Government training programs, financial incentives, and Government intelligence for international business information etc. are mentionable but these factors are inadequately supplied.

Only Government duty free facility, supply of water and gas are somehow effective in some extent (factor loading respectively 0.572, 0.800, 0.896) but considering the overall situation only these factors from the Government assistance sector are not well enough to strengthen the firm's strength of operation in the export business.

## **H2: THE HIGHER THE GOVERNMENT EXPORT BARRIERS, THE MORE CHANCE OF FAILURE IN THE EXPORT PERFORMANCE.**

Since the conceptual framework and hypothesis shows that there is a negative relative relationship between Government export barriers and export performance of the firm, the method of measuring the correlation has been done in the reversing way. Since we know that in any positive relationship case if  $p < 0.01$  (two-tailed) there will be correlation between the factors and vice versa.

As there is a negative relationship between Government Export barriers and Firm's export performance ( $p > 0.01$ , negative relationship), which means Government export barriers, and export performance are negatively correlated.

Poor transportation system, insufficient supply of energy for the production process, Government bureaucratic system and insufficient financial assistance make the Bangladeshi firms suffer a lot in the export market operations. Higher transaction cost, high lead-time and thus bad image of late delivery are the main outcomes of those Government making barriers in Bangladesh. Mainly because of very cheap labor and cheap raw materials still survive the small firms.

## **H3: BETTER COMPETENCIES OF THE FIRM ACCELERATES EFFECTIVE EXPORT MARKETING STRATEGIES.**

#### **H5: FIRM'S OWN STRENGTH ACCELERATES BETTER RESULT IN THE EXPORT PERFORMANCE.**

Hypothesis 3 focuses on positive relationship between firm strength and firm export strategy. Regression analysis shows that there is a correlation between these two variables (sig = 0.000,  $p < 0.01$ ). In Bangladesh perspective to formulate better and effective export marketing strategy firm strength is very highly influencing factor. In this case, firm strength indicates firm's maturity level and international orientation (Age of the firm and Export experience of the firm), Managers' export performance, employee size of the firm (bigger firms having bigger employee size) and domestic market share of the firm (better market share in the domestic market gives the firm some sort of strength and confidence to take the challenge in handling the risk in the international market, better domestic market thus, leads to better export market commitment of the firm).

The factor loadings of these items are respectively 0.725, 0.641, 0.592, 0.880 and 0.785 (Factor analysis table), which clearly indicates that these factors are crucially relevant in this case of study. From the descriptive statistical tables we see that 66.6% firms are doing their business operation for 6-10 years. It is a good sign for any small firm having operating experience more than 6 years that means by the mean time they most like to get introduced with different challenges that helps the firm to be more competitive in the market.

On the other hand 50% of the overall firms are having international business experience of 3-6 years (mood value is 2), which means the average firms are still immature in the international market specially because the firms are small. But 31.7% firms are having 6-10 years international export experience that actually helps those firms to formulate effective export marketing strategy. We found the correlation (correlation among all factors) between firm export experience with initial product adaptation (.000,  $p < 0.01$ ), product positioning strategy (.000,  $p < 0.01$ ), and export profitability (.000,  $p < 0.01$ ). That means firm export experience in Bangladesh context is effective for the product adaptation strategy, product positioning strategy and export profitability.

Managers' export experience is taken pretty significantly in Bangladesh. Because in this study we have seen in many cases managers' experience is higher than the age of the firm. It means firms always tend to hire very experienced managers.

50% firms in this study have the managers whose export experience lies between 6-10 years. And 37.5% firms are having managers of more than 10 years export market experience. The firms feel more secured if they have highly experienced managers. We found some correlations (correlation among all the variables table) of managers' export experience with target market specification (0.000,  $p < 0.01$ ), targeted export customers (0.001,  $p < 0.01$ ), initial product adaptation (0.001,  $p < 0.01$ ), product positioning strategy (0.000,  $p < 0.01$ ), sales growth (0.001,  $p < 0.01$ ), market share (0.000,  $p < 0.01$ ), competitive strength (0.002,  $p < 0.01$ ) and export profitability (0.000,  $p < 0.01$ ).

That shows that managers experience highly motivating factor for firm strategy and export performance.

At the same time we found the correlation of size of employees with target market specification (0.000,  $p < 0.01$ ), targeted customers (0.000,  $p < 0.01$ ), initial product adaptation (0.000,  $p < 0.01$ ), product positioning (0.000,  $p < 0.01$ ), sales growth (0.000,  $p < 0.01$ ), market share (0.000,  $p < 0.01$ ), competitive strength (0.000,  $p < 0.01$ ) and export profitability (0.000,  $p < 0.01$ ) and the same with domestic market share.

This implies that employee size and domestic market share have strong correlation with export market strategy and export performance of the Bangladeshi firms. It has been discussed in the literature part that employee size will be effective only if they are skilled and productive and technology orientation is also important. The best thing in this regard for Bangladeshi for Bangladeshi firms is the cheap labor that helps the firms to minimize their unit cost of production.

So if we consider the overall situation of firm strength we can see in the regression analysis firm strength and export performance is positively correlated (sig = 0.000,  $p < 0.01$ ). So hypothesis H3 and H5 are supported.

#### **H4: BETTER EXPORT PERFORMANCE IS FOLLOWED BY THE EFFECTIVE FORMULATION AND EXECUTION OF EXPORT MARKET STRATEGY.**

The hypothesis is based on the positive relationship between firm's export strategies Export performance. Regression analysis table shows that there is a correlation between these two variables (sig = 0.000,  $p < 0.01$ ). So for the

Bangladeshi firm's effective strategy formulation is a prerequisite for profitable export performance. Detailed correlation table shows the factor base relation of target market specification, initial product design, targeted export customer, product positioning strategy, and packaging strategy with sales growth, market share, competitive strength and export profitability respectively (sig = 0.000,  $p < 0.01$ ).

### 7.1.3 Review of preliminary framework

On the basis of supported hypothesis we can derive the new conceptual framework as below:

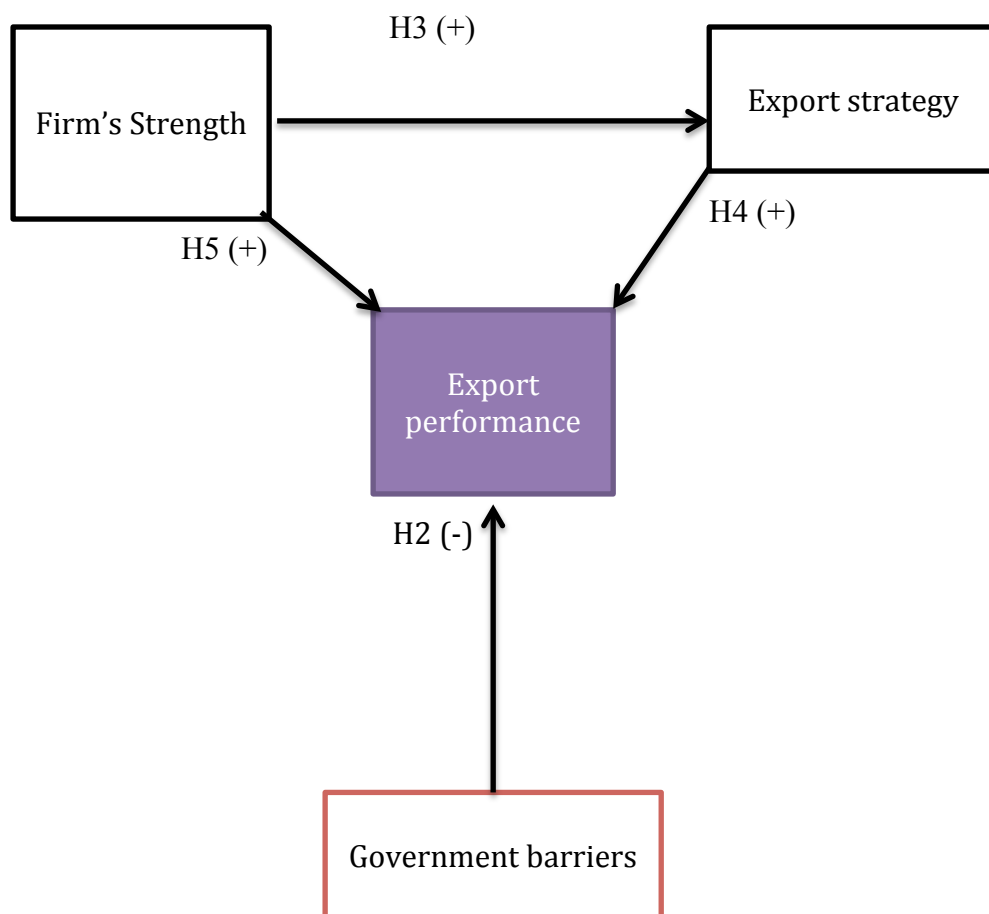


Figure 14: Modified framework

## 7.2 Conclusion

As we have mentioned at the beginning of the discussion part that we tend to conclude by solving the research questions.

Hypothesis 1 H1 shows that Government is not providing enough and effective assistance to the manufacturing firms so that those firms can make better and stronger position in the market in the sense that they would be able to take the challenges to isolate the international market risks and grab the market opportunities. In the study it is seen that the Bangladeshi firms are not getting that kind of assistance from the Government which can be said mentionable, rather the hypothesis H2 shows that directly or indirectly Government itself is making barriers for the firm's internalization process in the form of the poor conditions of transportation system, inadequate supply of energy for the production process, red tapes of Government bureaucratic systems, and above all lack of adequate financial assistance.

But the very prospective fact of this study is that firm strength itself can accelerate good marketing strategy and they're after export profitability that have been shown in Hypothesis H3, H4, and H5. It gives the clear message that the firm can even exploit positive output in the export performance if the firm has experienced and committed managers, skilled workers, good conditions in the domestic market share and the level of maturity in firms' international business operations.

Under this circumstance, the successful firms most likely to emphasize the following issues to strengthen their own operation and positioning in the international market:

1. In Bangladesh Firms are trying to get experiences in both domestic and international market arena.
2. They always tend to hire internationally experienced Managers. It has been seen in many cases the managers' international experiences are even higher than the firm's age,
3. The firms tremendously focus on cheap rather than skilled labor for what they think that the unit cost of production can be reduced. Managers tend to hire some very skilled workers only for the technical sections, but in general they just tend to hire the average skilled workers because the managers believe that



they will get experienced through their training process. Actually cheap labor is the key factor for the Bangladeshi firms, which helps to end up with good export result even though there is not mentionable Government assistance. Better quality of products at very cheap price can be made in Bangladesh only because of very cheap labor and availability of raw materials at cheap price.

4. Managers are targeting specific markets based on the firm's product's characteristics.
5. They take initial product adaptation process in different export markets according to those markets' specifications.
6. They try to diversifying their distribution channels and packaging design.

But still I think there are still many changes yet to be done for better export results. And those steps should come especially from the Government side in the Government promotions for export industries. International marketing is very diversified and challenging especially in the age of globalization. Even though Bangladesh has good opportunities to ensure better positioning because there is big size of manpower and cheap, availability of raw materials it needs, very low production cost. Financial and infrastructural problems are the main reasons for their export industry to boom up. Especially the small and medium-size firms are struggling a lot though those firms have very good prospective in the international market because of their products characteristics and price competitiveness with that of other countries. In that case the Government of Bangladesh can do the following things:

1. The Government needs to categorize the firms on the priority basis whose products are in good demand in the international markets. Then they can provide significant assistance for those firms. For a poor or a developing country like Bangladesh it is not possible for the Government to support all the firms at the same time to promote. In that case they need to give priority to the small firms who has good chance to make better result in the international market.
2. And the very important challenge for the Government to make sure good infrastructural facility for the firms. Especially most firms are, in my survey, highly dissatisfied with transportation system, Government supply of energy

(Electricity, Gas and water). Corruption is still a big problem for Bangladesh but in the regard the Government has taken some steps but still those steps are not well enough.

3. Financial assistance from Government may in in the form of production facility loan; financial incentives for some specific sectors and small size firms etc. can be very effective. And the Government has taken those steps but in this study it has been seen that those steps are very insignificant.
4. The role of Government as the business intelligence for the small firms can be a source of good assistance.
5. Government diplomatic mission has a very good chance to play the role in finding new opportunities and new markets for the local firms.

It can be recapitulated by saying that Firms could have done much better export performance if they could get better and effective Government assistance with the minimum level of Government export barriers. This is crucial role of the Government to minimize the Government export barriers at tolerable extent.

But considering the reality it is seen that it is quite impossible for the poor country like Bangladesh to give adequate support to the firms in their export business. At the same time corruption rate of the poor countries are higher. Thus one of the biggest challenges for the Bangladesh government is to reduce the corruption rate. It can somehow be done in the form of privatization process. In this regard the supply of energy can be privatized. Apart from that Government can separate some sectors which are most promising sectors like they did in case of Garments sector, so that they can provide with special packages and privileges specially for the smaller size firms of that sectors. That can help those small firms to get some time to get matured in the international market.

### 7.3 Limitations and key points for the further research

The limitations of the study can be summarized as follows:

- The study focuses only on small manufacturing firms of Bangladesh. The finding is sometimes mixed up with the firm's size phenomena. Because some firms are big enough in the Bangladeshi domestic market but the international market they are very insignificant.
- In this study we assumed that the workers are skilled, but in life of Bangladesh context it is not possible to get 100% skilled workers.
- We also assumed that the firms with better domestic market share have more chance to get positive export performance. But in the study we found some firms are not domestic market oriented at all but their export market share is even much better than other firms, which have good domestic market share.
- In the analysis part we had to remove some important items because factor analysis did not show those factor loading reliable or valid for the study.
- This study ignores some very significant factors affecting firm's export performance. I do suggest that the direct role of technology (and how the technology can be made more available to the even smaller firms) and cultural differences can be significant for the further research of this kind.
- From ethical point of view I doubt some respondents provided with false information because may be they are scared of information disclosed.

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## Appendix

### Appendix 1 Sample distribution

Number of questionnaire supplied	No. Questionnaire feedback	No. Of respondents by location			Response rate
		Dhk	Ctg	Nyr	
152	104	58	36	10	68.42%

### Appendix 2 Reliability statistics

Cronbach's Alpha	No. of items
.837	36

### Factor loading

	Rescaled				
	Component				
	<i>Firm Strength</i>	<i>Export Performance</i>	<i>Export Strategy</i>	<i>Govt. Export barriers</i>	<i>Govt. Export Assistance</i>
<i>Firm age</i>	, 725				
<i>Firm Export Experience</i>	, 641				
<i>Manager's Export Experience</i>	, 592				
<i>Employee size of the firm</i>	, 880				
<i>Domestic market share of the firm</i>	, 758				
<i>Govt. duty free facility</i>					, 572
<i>Govt. supply of water</i>					, 800
<i>Govt. supply of Gas</i>					, 896
<i>Poor conditions of transportation</i>				, 695	
<i>Poor supply of energy for production</i>				, 698	
<i>Govt. bureaucratic system</i>				, 754	
<i>Lack of Govt. financial assistance</i>				, 718	
<i>Target market specification</i>			, 508		
<i>Export customers</i>			, 746		
<i>Initial product adaptation</i>			, 572		
<i>Product positioning strategy</i>			, 580		
<i>Packaging design</i>			, 631		
<i>Sales growth</i>		, 831			
<i>Market share</i>		, 783			
<i>Competitive strength</i>		, 575			
<i>Profitability</i>		, 697			



### Appendix 3 Main Correlation model

		<b>Firm Strength</b>	<b>Govt. Assistance</b>	<b>Govt. Export Barriers</b>	<b>Firm Export Strategy</b>	<b>Firm Export Performance</b>
<i>Firm Strength</i>	<i>Pearson Correlation</i>		,176		,630**	,513**
	<i>Sig. (2-tailed)</i>		,073		,000	,000
	<i>N</i>		104		104	104
<i>Govt. Assistance</i>	<i>Pearson Correlation</i>	,176				
	<i>Sig. (2-tailed)</i>	,073				
	<i>N</i>	104				
<i>Govt. Export Barriers</i>	<i>Pearson Correlation</i>					-,191
	<i>Sig. (2-tailed)</i>					,052
	<i>N</i>					104
<i>Firm Export Strategy</i>	<i>Pearson Correlation</i>	,630**				,740**
	<i>Sig. (2-tailed)</i>	,000				,000
	<i>N</i>	104				104
<i>Firm Export Performance</i>	<i>Pearson Correlation</i>	,513**		-,191	,740**	
	<i>Sig. (2-tailed)</i>	,000		,052	,000	
	<i>N</i>	104		104	104	

\*\* . Correlation is significant at 0.01 level (2-tailed)

### Appendix 4 Descriptive statistics

Firm age

Number	Valid	104
	Missing	1
Mean		3,26
Median		3,00
Mode		3
Std. Deviation		,574
Minimum		2
Maximum		4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	7	6,7	6,7	6,7
	3	63	60,0	60,6	67,3
	4	34	32,4	32,7	100,0
	Total	104	99,0	100,0	
Missing	System	1	1,0		
Total		105	100,0		

### Firm Export experience

Number	Valid	104
	Missing	1
Mean		2,25
Median		2,00
Mode		2
Std. Deviation		,747
Minimum		1
Maximum		4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	15	14,3	14,4	14,4
	2	52	49,5	50,0	64,4
	3	33	31,4	31,7	96,2
	4	4	3,8	3,8	100,0
	Total	104	99,0	100,0	
Missing	System	1	1,0		
Total		105	100,0		

### Managers' export experience

N	Valid	104
	Missing	1
Mean		3,25
Median		3,00
Mode		<b>3</b>
Std. Deviation		,665
Minimum		2
Maximum		4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	2	13	12,4	12,5	12,5
	3	52	49,5	50,0	62,5
	4	39	37,1	37,5	100,0
	Total	104	99,0	100,0	
Missing	System	1	1,0		
<b>Total</b>		<b>105</b>	<b>100,0</b>		

### Firm's number of employees

N	Valid	104
	Missing	1
Mean		3,05
Median		3,00
Mode		3
Std. Deviation		,817
Minimum		1
Maximum		4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	3	2,9	2,9	2,9
	2	23	21,9	22,1	25,0
	3	44	41,9	42,3	67,3
	4	34	32,4	32,7	100,0
	Total	104	99,0	100,0	
Missing	System	1	1,0		
Total		105	100,0		

### Domestic market share

N	Valid	104
	Missing	1
Mean		2,01
Median		2,00
Mode		2
Std. Deviation		, 731
Minimum		1
Maximum		3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	27	25,7	26,0	26,0
	2	49	46,7	47,1	73,1
	3	28	26,7	26,9	100,0
	Total	104	99,0	100,0	
Missing	System	1	1,0		
Total		105	100,0		

## Appendix 5 Overall descriptive statics of five variables

	N	Minimum	Maximum	Mean	Std. Deviation
Firm Strength	104	6,25	16,75	12,3101	2,32272
Government assistance	104	37,29	61,57	52,8832	4,56135
Govt. Export barriers	104	19,57	29,00	23,4643	1,76887
Firm's Export strategy	104	21,57	40,71	33,5000	3,89550
Firm's export performance	104	9,43	20,00	15,4890	2,03094
Valid N (list wise)	104				

## Appendix 6 Correlations between the items of all variables

### Govt. Assistance and firm strength

		Firm age	Firms Export experience	Managers' export experience	Number of employees of the firm	Domestic market share
Govt. duty free policy	Pearson Correlation	.091	.047	.074	.090	.043
	Sig. (2-tailed)	.356	.637	.457	.364	.664
	N	104	104	104	104	104
Water supply	Pearson Correlation	.089	.070	.034	.175	.121
	Sig. (2-tailed)	.369	.478	.733	.076	.220
	N	104	104	104	104	104
Supply of gas	Pearson Correlation	.049	-.047	-.053	.042	-.054
	Sig. (2-tailed)	.622	.633	.591	.672	.586
	N	104	104	104	104	104

### Govt. exports barriers and Export performance

		Sales growth	Market share	Competitive strength	Export profitability
Condition of transportation system	Pearson Correlation	.040	.015	-.056	-.005
	Sig. (2-tailed)	.684	.877	.575	.956
	N	104	104	104	104
Inadequate supply of energy	Pearson Correlation	-.035	-.100	-.171	-.161
	Sig. (2-tailed)	.723	.313	.082	.102
	N	104	104	104	104
Govt. bureaucratic system	Pearson Correlation	-.164	-.113	-.036	-.107
	Sig. (2-tailed)	.096	.255	.719	.280
	N	104	104	104	104
Govt. financial assistance	Pearson Correlation	-.177	-.181	-.147	-.079
	Sig. (2-tailed)	.072	.066	.137	.424
	N	104	104	104	104

## Firm strength and export strategy

		Target market specification	Targeted export customers	Initial product adaptation	Product positioning strategy	Packaging design
Firm age	Pearson Correlation	.321	.330	.402	.401	.244
	Sig. (2-tailed)	.001	.001	.000	.000	.012
	N	104	104	104	104	104
Firms Export experience	Pearson Correlation	.460	.317	.390	.397	.342
	Sig. (2-tailed)	.000	.001	.000	.000	.000
	N	104	104	104	104	104
Managers' export experience	Pearson Correlation	.276	.245	.401	.447	.252
	Sig. (2-tailed)	.005	.012	.000	.000	.010
	N	104	104	104	104	104
Number of employees of the firm	Pearson Correlation	.479	.404	.440	.387	.236
	Sig. (2-tailed)	.000	.000	.000	.000	.016
	N	104	104	104	104	104
Domestic market share	Pearson Correlation	.385	.322	.421	.381	.309
	Sig. (2-tailed)	.000	.001	.000	.000	.001
	N	104	104	104	104	104

## Export strategies and export performance

		Sales growth	Market share	Competitive strength	Export profitability
Target market specification	Pearson Correlation	.423	.499	.405	.550
	Sig. (2-tailed)	.000	.000	.000	.000
	N	104	104	104	104
Targeted export customers	Pearson Correlation	.382	.510	.417	.390
	Sig. (2-tailed)	.000	.000	.000	.000
	N	104	104	104	104
Initial product adaptation	Pearson Correlation	.481	.564	.488	.561
	Sig. (2-tailed)	.000	.000	.000	.000
	N	104	104	104	104
Product positioning strategy	Pearson Correlation	.442	.521	.545	.588
	Sig. (2-tailed)	.000	.000	.000	.000
	N	104	104	104	104
Packaging design	Pearson Correlation	.281	.310	.290	.333
	Sig. (2-tailed)	.004	.001	.003	.001
	N	104	104	104	104

## Firm's strength and export performance

		Sales growth	Market share	Competitive strength	Export profitability
Firm age	Pearson Correlation	.185	.307	.301	.290
	Sig. (2-tailed)	.059	.002	.002	.003
	N	104	104	104	104
Firms Export experience	Pearson Correlation	.334	.378	.285	.364
	Sig. (2-tailed)	.001	.000	.003	.000
	N	104	104	104	104
Managers' export experience	Pearson Correlation	.174	.264	.301	.343
	Sig. (2-tailed)	.077	.007	.002	.000
	N	104	104	104	104
Number of employees of the firm	Pearson Correlation	.346	.340	.364	.434
	Sig. (2-tailed)	.000	.000	.000	.000
	N	104	104	104	104
Domestic market share	Pearson Correlation	.354	.359	.375	.399
	Sig. (2-tailed)	.000	.000	.000	.000
	N	104	104	104	104

## Appendix 7 Bangladeshi Export trend (1972-73 to 2006-07)

FY	U.S.A.	U.K.	Germany	France	Belgium	Italy	Netherlands	Canada	Japan	Others	Total
1972-73	71.39	26.55	10.54	8.74	22.99	14.36	8.14	7.03	6.7	171.98	348.42
1973-74	60.04	25.16	5.14	8.05	15.43	11.05	8.9	6.29	14.25	217.05	371.76
1974-75	56.91	23.55	7.1	4.84	11.63	12.4	9.06	6.27	5.74	245.18	382.68
1975-76	61.92	29.48	7.37	8.89	17.25	23.24	8.16	6.08	9.22	208.86	380.47
1976-77	53.44	40.69	9.31	9.42	15.98	23.6	9.03	6.3	10.65	238.59	417.01
1977-78	64.92	40.98	8.54	6.22	15.95	18.5	8.97	5.84	15.13	308.61	493.74
1978-79	83.22	45.71	13.82	7.65	18.46	43.41	9.64	6.65	33.25	358.56	618.82
1979-80	87.51	48.8	16.35	5.43	26.02	31.59	15.35	9.04	34.27	472.86	749.44
1980-81	83.52	24.75	9.65	7.26	14.3	27.35	11.42	6.06	19.34	508.02	709.85
1981-82	50.43	28.36	1.22	7.26	15.89	31.4	13.3	3.66	27.64	446.73	625.89
1981-83	78.86	30.96	13.3	10.93	30.29	32.14	12.79	6.63	45.01	428.86	686.6
1981-84	111.14	42.62	18.15	11.56	47.02	69.13	16.96	7.37	43.14	449.38	810.99
1984-85	165.97	43.75	21.44	9.96	72.66	51.79	16.45	12.05	65.27	479.78	934.43
1985-86	173.22	46.13	37.67	10.01	34.39	36.28	15.41	15.08	61.18	409.12	819.21
1986-87	321.43	59.99	61.4	26.53	41.87	99.67	21.83	16.33	66.3	398.67	1073.77
1987-88	356.46	73.03	69.85	35.04	42.06	115.95	27.42	24.41	57.09	446.85	1231.2
1988-89	346.08	75.7	83.56	62.37	53.17	105.67	29.17	16.66	55.02	505.2	1291.56
1989-90	346.08	97.14	164.91	86.4	62.64	131.37	38.12	22.24	55.6	526.09	1523.71
1990-91	346.08	136.9	180.34	116.1	83.55	115.94	61.86	30.25	41.26	489.19	1717.55
1991-92	346.08	130.4	216.21	127.36	82.08	147.29	81.33	27.64	40.6	514.33	1993.92
1992-93	346.08	183.42	275.21	157.72	83.14	137.4	85.8	44.38	53.31	629.36	2382.89
1993-94	346.08	259.29	275.21	192.93	98.41	170.61	104.4	57.23	61.02	614.72	2533.9
1994-95	346.08	318.31	300.26	272.88	128.58	211.26	136.66	69.38	99.65	831.26	3472.57
1995-96	346.08	417.7	369.18	312.65	186.93	207.1	183.22	69.09	120.8	857.98	3882.42
1996-97	346.08	437.69	428.29	369.07	210.57	203.62	208.59	69.12	114.05	1001.55	4418.28
1997-98	346.08	440	510.93	345.36	210.07	270.47	236.08	106.84	112	976.53	5161.2
1998-99	346.08	491.34	625.13	367.37	227.62	270.01	251.61	104.91	92.76	935.66	5312.86
1999-00	346.08	499.99	658.71	365.99	225.89	248.28	282.77	110.63	97.64	987.16	5752.2
2000-01	346.08	594.18	789.88	413.69	253.91	265.73	327.96	125.66	107.58	1105.99	6467.3
2001-02	346.08	647.96	681.44	418.51	211.39	262.31	283.36	109.85	96.13	1061.17	5986.09
2002-03	346.08	778.25	820.72	553.5	289.48	258.99	277.95	170.26	108.03	1270.8	6548.44
2003-04	346.08	898.65	1298.57	625.51	326.71	316.28	290.47	284.69	118.33	1544.2	7602.99
2004-05	346.08	1351.06	944.18	678.94	327.8	369.78	290.92	335.25	122.53	1868.82	8654.52
2005-06	346.08	1053.74	1763.38	678.94	359.33	427.89	327.2	405.97	138.45	2330.49	10526.16
2006-07	346.08	11176.63	1956.77	731.88	435.75	516.17	459.25	458.14	147.94	2841.81	12177.86