An Analysis of the Barriers Hindering Small Business Export Development

*by Leonidas C. Leonidou**

Notwithstanding the benefits derived from exporting in an increasingly globalized marketplace, for many smaller-sized manufacturers the internationalization path is beset by numerous obstacles. This article offers a comprehensive analysis of 39 export barriers extracted from a systematic review of 32 empirical studies conducted on the subject. These have been classified into internal (incorporating informational, functional, and marketing) and external (comprising procedural, governmental, task, and environmental) barriers. The impact of export barriers is shown to be situation-specific, largely depending on the idiosyncratic managerial, organizational, and environmental background of the firm. However, certain barriers, such as those relating to information inefficiencies, price competitiveness, foreign customer habits, and politicoeconomic hurdles, seem to have a systematically strong obstructing effect on export behavior. Several conclusions and implications for small business managers, public policymakers, business educators, and exporting researchers are derived.

Introduction

As the world spins into the first decade of the twenty-first century, dramatic and swift transformations are taking place in international trade: growing liberalization of trading systems; expansion of regional economic integrations; excessive liquidity in financing cross-country purchases; and increasing connectedness with customers and marketing partners due to major advances in information, communication, and transportation technologies (Keegan 2002). This has led to the emergence of a business environment that has never been so globalized, interdependent, and connected, widening in this way both the scope and scale of opportunities open to sellers.

Despite these transformations in the international marketplace, a large number of smaller-sized manufacturers still do not dare cross national boundaries to sell their products and services, thus putting themselves at a major disadvan-

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tage vis-à-vis their competitors who have opted for a more global business perspective. This is because engagement in export operations is vital in: spreading business risks across different markets and ventures; improving technological, quality, and service standards in the organization; generating more revenues and funds for reinvestment and further growth; exploiting idle operating capacity and improving production efficiency; and attracting and rewarding shareholders and employees through the creation of a better profit base (Czinkota and Ronkainen 2001; Terpstra and Sarathy 2000).

Reaping these benefits is not a trouble-free task but one that is hindered by numerous obstacles pertaining to internal organizational weaknesses, strategic business flaws, home-country deficiencies, or host-market problems (Korth 1991; Onkvisit and Shaw 1988). In fact, these obstacles are responsible for (1) many small indigenous firms viewing exporting with great skepticism and refusing to engage in activities abroad; (2) neophyte exporters developing a negative attitude toward exporting and thinking of withdrawing from overseas operations; and (3) experienced exporters suffering from deteriorating performance, which even threatens their survival in international markets (Leonidou and Katsikeas 1996; Miesenböck 1988).[1]

Understanding these export obstacles is crucial for four major parties: *small business managers*, who can take suitable measures proactively to overcome or to reduce their impact, especially in the case of those barriers that are easier to control; *public policymakers*, who can identify the areas where appropriate assistance should be given to individual exporters by government offices, chambers of commerce, and other organizations; *business educators*, who can develop and can implement special educational programs, aiming to show ways of accommodating these barriers; and *exporting researchers*, who can use the knowledge gained from this analysis to promote theory building in the field of exporting.

In response to the above, dozens of studies have been conducted on the subject in recent decades, reflecting the growing involvement of smaller-sized enterprises in international trade as a result of the intensifying globalization in world markets.[2] However, research on the subject suffers from a number of deficiencies: (1) It is too isolated, fragmented, and scattered, thus creating confusion as to the real inhibiting effect of barriers on export behavior; (2) it provides only a partial examination of export barriers, neglecting in many cases a plethora of other important barriers with a serious effect on export development; and (3) it does not offer a detailed understanding of the specific nature and relative impact of each barrier on exporting (Leonidou 1995a).

This article attempts to fill this gap in the literature by offering a compre-

[1]Small and medium-sized enterprises (SMEs), although significant contributors of wealth and employment in domestic economies, traditionally have been a less powerful force outside their home territory (Doole and Lowe 2001). For instance, although more than 100,000 U.S. firms are engaged in export operations, two-thirds of the country's manufactured exports are created by approximately 1,000 large multinational corporations (U.S. Department of Commerce 2000).

[2]With only a very few exceptions (see, for example, Kaynak and Erol 1989; Tseng and Yu 1991), the focus of empirical research on export barriers has been primarily on smaller-sized enterprises, mainly because they are more susceptible to problems due to resource constraints, organization deficiencies, and managerial limitations (Miesenböck 1988).

hensive and insightful analysis of all barriers hindering small business export development, based on an integrative review of 32 empirical studies conducted during the period 1960–2000 (see the summary profile of these studies in Table 1).[3] Specifically, its purpose is threefold: (1) to extract, to collate, and to consolidate existing knowledge on the nature of barriers and their association with small business exporting; (2) to analyze the characteristics, content, and impact of each barrier on export-management decisions in small firms; and (3) to draw some overall conclusions on small business export barriers, as well as implications for various interested parties. The remainder of the article is organized around these three goals.

The Nature of Export Barriers

Barriers to exporting refer to all those constraints that hinder the firm's ability to initiate, to develop, or to sustain business operations in overseas markets. Broadly speaking, export barriers can be classified as *internal*, that is barriers associated with organizational resources/capabilities and company approach to export business, and *external*, that is barriers stemming from the home and host environment within which the firm operates (Leonidou 1995a). Despite the practical strength of this classification, for analytical purposes internal barriers can be broken down further into *functional*, *informational*, and *marketing*, while external barriers can be separated into *procedural*, *governmental*, *task*, and *environmental* (see Table 2).[4]

Barriers to exporting can be identified among three groups of firms: (1) *non-exporters*, namely companies not exporting currently but with future potential, who express a subjective view on barriers; (2) *current exporters*, that is, firms currently engaged in export activities, who experience problems during their day-to-day involvement in overseas markets; and (3) *ex-exporters*, comprising companies that used to export in the past but no longer do so, who see export barriers from both a perceptual and experiential viewpoint. Several studies have shown that the impact of these barriers varies widely among these three groups of firms, stressing the need for different treatment by export promotion programs (Keng and Jiuan 1989; Kedia and Chhokar 1986; Yaprak 1985; Tesar and Tarleton 1982).

Obstacles also can be found at any stage of the export-development process, but their nature may differ markedly from stage to stage (Naidu and Rao 1993; Barrett and Wilkinson 1985; Vozikis and Mescon 1985; Bilkey and Tesar 1977). For instance, Vozikis and Mescon (1985)

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[3]For a study to be included in this review, it had to (1) focus on the exporting activities of small-to-medium sized manufacturing firms; (2) adopt a micro-business rather than a macroeconomic perspective in examining barriers to exporting; and (3) collect, analyze, and present empirical data on the subject collected via primary research methods.

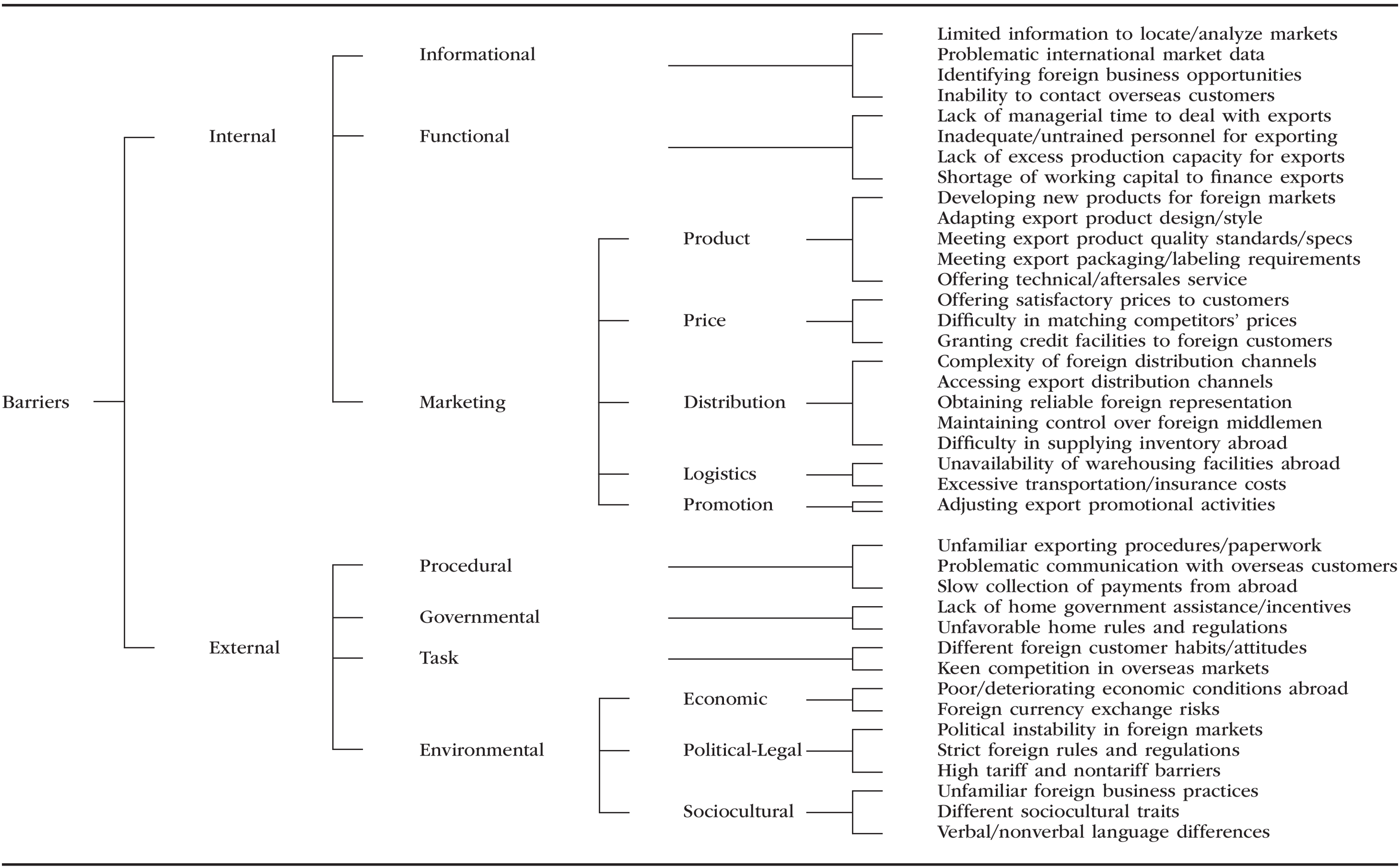
[4]This multiple classification scheme consolidates several previous attempts to categorize export barriers, such as those by Kedia and Chhokar (1986), Moini (1997), and Morgan and Katsikeas (1997). To ascertain the robustness of this elaborated scheme and its content, the following actions were taken: First, an exhaustive review of the pertinent literature was undertaken, using both manual and electronic bibliographic search methods, revealing 49 barriers; second, the initial list of export barriers was subsequently scrutinized to find those that were the most relevant, meaningful, and common, resulting in 39 items; third, independent researchers were asked to allocate the unclassified final list of barriers to each of the seven analytical groups, and subsequently their categorizations were compared and were contrasted until a consensus was reached.

Table 1
Profile of Studies on Export Barriers

- Although the first studies on the subject appeared in the mid-1960s, the thrust of research effort occurred in the 1980s and 1990s. The vast majority of studies had a one-time nature, with longitudinal research being very rare.
- The overwhelming majority of studies had an ethnocentric orientation, with only a few studies researching export barriers on a cross-cultural basis. Most research took place in North America and Europe, while research in developing countries virtually was absent.[5]
- Research covered a wide range of industrial sectors, ranging from manufacturers of consumer products to producers of industrial goods. Most studies examined many and diverse industries simultaneously.
- The unit of analysis primarily was firms currently engaged in exporting, although a large number of studies also included nonexporters or previous exporters in their samples in order to draw comparisons.
- Sample sizes exhibited many inequalities across studies ranging between 33 and 438 firms, with only half of them reporting a figure exceeding 100. Samples were drawn mainly using probabilistic sampling designs, with in most cases a simple random format.
- Data mainly were collected using mail survey methods, while personal interviews were used less extensively (especially when the sample was small). Response rates ranged from a low of 13 percent to a high of 86 percent, averaging 29 percent for all studies reviewed.
- The key informants in most cases were top managers with responsibility for marketing and/or export marketing activities. The research instrument was the questionnaire, with studies more or less equally divided between those having only precoded questions and those with an open-ended format.
- The number of barriers examined ranged from as few as five to as many as 30, revealing altogether 49 different barriers, of which only 39 were relevant, meaningful, and common.
- Although early studies measured barriers using dichotomous scales, more recent studies have made greater use of ordinal scales (ranging from 3 points to 5 points).
- The bulk of research focused on the frequency of occurrence of the barriers examined, while the remainder measured either their level of intensity or their degree of importance. Only a few studies attempted to measure concurrently more than one of the above dimensions of barriers.

[5]The fact that the vast majority of studies investigated the barriers hindering the export possibilities of small firms within a developed-country context imposes some limitations on the generalizability of the findings of this review to the total universe of small firms. Hence, to have a more complete picture on the subject, it is essential to redirect future research on the barriers encountered by developing country-based exporters.

Table 2
Classification of Export Barriers



Barriers				
Internal	Informational			Limited information to locate/analyze markets
Internal	Informational			Problematic international market data
Internal	Informational			Identifying foreign business opportunities
Internal	Informational			Inability to contact overseas customers
Internal	Functional			Lack of managerial time to deal with exports
Internal	Functional			Inadequate/untrained personnel for exporting
Internal	Functional			Lack of excess production capacity for exports
Internal	Functional			Shortage of working capital to finance exports
Internal	Marketing	Product		Developing new products for foreign markets
Internal	Marketing	Product		Adapting export product design/style
Internal	Marketing	Product		Meeting export product quality standards/specs
Internal	Marketing	Product		Meeting export packaging/labeling requirements
Internal	Marketing	Product		Offering technical/aftersales service
Internal	Marketing	Price		Offering satisfactory prices to customers
Internal	Marketing	Price		Difficulty in matching competitors' prices
Internal	Marketing	Price		Granting credit facilities to foreign customers
Internal	Marketing	Distribution		Complexity of foreign distribution channels
Internal	Marketing	Distribution		Accessing export distribution channels
Internal	Marketing	Distribution		Obtaining reliable foreign representation
Internal	Marketing	Distribution		Maintaining control over foreign middlemen
Internal	Marketing	Distribution		Difficulty in supplying inventory abroad
Internal	Marketing	Logistics		Unavailability of warehousing facilities abroad
Internal	Marketing	Logistics		Excessive transportation/insurance costs
Internal	Marketing	Promotion		Adjusting export promotional activities
External	Procedural			Unfamiliar exporting procedures/paperwork
External	Procedural			Problematic communication with overseas customers
External	Procedural			Slow collection of payments from abroad
External	Governmental			Lack of home government assistance/incentives
External	Governmental			Unfavorable home rules and regulations
External	Task			Different foreign customer habits/attitudes
External	Task			Keen competition in overseas markets
External	Environmental	Economic		Poor/deteriorating economic conditions abroad
External	Environmental	Economic		Foreign currency exchange risks
External	Environmental	Political-Legal		Political instability in foreign markets
External	Environmental	Political-Legal		Strict foreign rules and regulations
External	Environmental	Political-Legal		High tariff and nontariff barriers
External	Environmental	Sociocultural		Unfamiliar foreign business practices
External	Environmental	Sociocultural		Different sociocultural traits
External	Environmental	Sociocultural		Verbal/nonverbal language differences

found that as small firms become more internationalized, problems pertaining to the functional areas of marketing, finance, and operations tend to diminish (although export management-related barriers remain equally high at any stage).[6] Although it is important to understand problems within each stage of exporting, it is equally important to realize that certain obstacles impede the movement of the firm between export stages (Leonidou and Katsikeas 1996).

Although constraints play a crucial role in export-business development, alone they neither will prohibit nor will inhibit the firm's progress in exporting. Other factors are required to make these latent barriers operative, usually associated with the idiosyncratic characteristics of the *manager*, the *organization*, and the *environment* within which the company operates (Barrett and Wilkinson 1985). As a result, two firms at the same stage of export development will not perceive necessarily and/or will not experience the same impact from obstacles, nor will they react in the same way. Moreover, the same firm may perceive the same barrier differently at different points in time and in relation to different export destinations.

Managerial factors are important in conceptualizing the type, content, and impact of the export barrier. Firms whose decision-makers are rather incompetent, risk-averse, and inward-looking are very likely to perceive export obstacles in a more intense and severe manner than firms with capable, risk-taking, and foreign-oriented managers (Dichtl, Köglmayr, and Müller 1990; Abdel-Malek 1978; Bilkey and Tesar 1977). Differences in export-barrier impact also can be the outcome of variations in managerial attitudes toward costs, profits, and growth aspects of exporting (Leonidou, Katsikeas, and Piercy 1998).

Organizational factors also may have a discriminating effect on export-barrier perceptions. For example, there is evidence that young firms are generally more sensitive to export barriers, compared to those that have been in the market for a long time (Leonidou 2000). Moreover, the smaller the firm—with size either measured in terms of number of employees and/or sales turnover—the more vulnerable it is to barriers associated with resource limitations, operating difficulties, and trade restrictions (Katsikeas and Morgan 1994; Barker and Kaynak 1992). Furthermore, firms belonging to different industries, whether consumer or industrial, appear to perceive export barriers differently (Kedia and Chhokar 1986; Alexandrides 1971).

Finally, *environmental* factors can affect export-barrier perceptions in two ways: (1) They can be the source of barriers in the home market, such as those connected with the local government, infrastructural facilities, and logistics system; and (2) they shape the obstacles derived from foreign market conditions (such as, economic, political, and sociocultural) within which the firm has to operate. These barriers are affected by rapid external changes, incorporate high levels of uncertainty, and usually fall beyond the control of the individual firm (Leonidou 1995a).

Due to the heterogeneous way in which results were presented in the studies reviewed (namely, absolute numbers, percentage frequencies, and mean scores), it was considered neces-

[6]Bilkey and Tesar (1977) reported somewhat different results: The more the firm advances toward exporting, the greater the likelihood of it encountering problems pertaining to understanding foreign business practices, differences in product/consumer standards, collecting money from overseas customers, and obtaining adequate representation in international markets but the lesser the likelihood of it having difficulties in obtaining funds to finance exports.

sary to convert them into rank scales in descending order of frequency, intensity, or importance. This revealed great variations among studies, which to some extent can be attributed to the different research methodologies employed, such as differences in fieldwork time, exporter's home country, target foreign markets, industry group, unit of analysis, construct operationalization, barrier dimensions, and measurement scales. The Appendix shows the export barriers examined and the different rankings received in the studies reviewed, while Table 3 ranks barriers according to their aggregate impact.[7] Each barrier is analyzed in more detail in the following, using its order of appearance in the classification scheme of Table 2.

Internal Barriers

Informational Barriers

Informational barriers refer to problems in identifying, selecting, and contacting international markets due to information inefficiencies (Morgan and Katsikeas 1997; Katsikeas 1994; Katsikeas and Morgan 1994). Four barriers fall under this category: locating/analyzing foreign markets, finding international market data, identifying foreign business opportunities, and contacting overseas customers. With a few exceptions, these barriers consistently were rated highly by both exporters and nonexporters, stressing their critical impact on export-management decisions.

Limited Information to Locate/Analyze Foreign Markets. Information is vital in reducing the high level of uncertainty surrounding the heterogeneous, sophisticated, and turbulent foreign business environment (Welch and Wiedersheim-Paul 1980). Despite this, many small firms are not familiar with national and international sources of information, and even when they are aware and have access to them, they encounter difficulties with data retrieval. In addition, they do not have a clear idea as to the specific information required, particularly with reference to the identification and analysis of and entry into foreign markets. As a result, the company's progression in exporting becomes too risky, since it is based on managerial intuition and personal experience rather than on organized effort and sustained research.

Problematic International Market Data. Even in those cases where the company is a systematic export researcher, it often is confronted with numerous problems associated with the source (unsophisticated, manipulative, and idiosyncratic data collection methods), quality (inaccurate, outdated, and incomplete data), and comparability (different base years, classification systems, and measurement units) of the information required (Czinkota and Ronkainen 2001). To this, one has to add difficulties in gaining access to some data sources, achieving timely delivery of the information, and paying high prices to obtain certain data. Obviously, these problems hinder the effective execution of international marketing research, thus distorting the real picture of foreign markets and leading to false management decisions.

Identifying Foreign Business Opportunities. The revealing of market

[7]The aggregate impact of each barrier was estimated by adding together the score attached to the rank of each barrier in every study (ranging from 10 points for first ranking, 9 points for second ranking, 8 points for third ranking, and so on, up to 1 point for barriers ranked in the 10th position or less) and dividing by the number of studies investigating the specific barrier (Dichtl, Köglmayr, and Müller 1990; Leonidou 1995a). For practical reasons, each barrier subsequently was placed in one of the five groups, ranging from *very high impact* to *very low impact*.

Table 3
Aggregate Ranking of Export Barriers

Export Barriers
Very High Impact
Limited information to locate/analyze markets
Inability to contact overseas customers
Identifying foreign business opportunities
Difficulty in matching competitors' prices
Excessive transportation/insurance costs
Different foreign customer habits/attitudes
Poor/deteriorating economic conditions abroad
Political instability in foreign markets
High Impact
Offering satisfactory prices to customers
Accessing export distribution channels
Obtaining reliable foreign representation
Granting credit facilities to foreign customers
Unfamiliar exporting procedures/documentation
Unfavorable home rules and regulations
Foreign currency exchange risks
Strict foreign rules and regulations
Moderate Impact
Problematic international market data
Lack of managerial time to deal with exports
Inadequate/untrained personnel for exporting
Shortage of working capital to finance exports
Providing technical/aftersales service
Complexity of foreign distribution channels
Adjusting export promotional activities
Problematic communication with overseas customers
Slow collection of payments from abroad
Lack of home government assistance/incentives
Keen competition in overseas markets
High tariff and nontariff barriers
Unfamiliar foreign business practices
Different sociocultural traits
Low Impact
Meeting export product quality standards/specs
Lack of excess production capacity for exports
Verbal/nonverbal language differences
Very Low Impact
Developing new products for foreign markets
Adapting export product design/style
Meeting export packaging/labeling requirements
Maintaining control over foreign middlemen
Difficulty in supplying inventory abroad
Unavailability of warehousing facilities abroad

opportunities abroad may exert strong pressure upon a firm's willingness to begin and expand exports (Albaum, Strandskov, and Duerr 1998). However, many firms face difficulties in effectively identifying these opportunities, which is connected closely with the aforementioned problems in conducting research into foreign markets. In many instances, these opportunities are identified in a reactive manner and usually take the form of unsolicited orders from foreign customers or consultative guidance by external agents (such as governmental agencies, chambers of commerce, and trade associations), making the small firm unprepared and ill-equipped to face the challenges stemming from the international business environment (Leonidou 1995c).

Inability to Contact Overseas Customers. Identifying customers in overseas markets constitutes a serious impediment for many would-be and current exporters. This can be attributed to three major factors: (1) the large geographic distance separating sellers and buyers in foreign markets, hampering communication between the two parties; (2) the characteristically half-hearted approach taken by many firms toward carrying out systematic research in overseas markets; and (3) the limited exposure to sources listing potential customers. Recent advances in database technology are expected to diminish the impact of this problem since there is now greater access to information about individual foreign customers and prospects.

Functional Barriers

Functional barriers relate to inefficiencies of the various enterprise functions, such as human resources, production, and finance, with regard to exporting (Vozikis and Mescon 1985).[8] This category contains four barriers relating to limitations in managerial time, inadequacies in export personnel, unavailable production capacity, and shortages of working capital. These have been the focus of many studies, revealing a generally moderate impact on export behavior.

Limited Managerial Time to Deal with Exports. Management plays a critical role in selecting, entering, and expanding into foreign markets; in designing export-marketing strategies; and in conducting business with overseas customers (Leonidou, Katsikeas, and Piercy 1998). However, in smaller firms, business decisions usually are taken by a single decision-maker, who lacks the time to deal with activities other than those taking place in the home market. This situation is more evident in the case of companies with managers who associate exporting with higher risks, lower profits, and greater costs compared to domestic business. Nevertheless, management must be willing to spend sufficient time, resources, and energies if they want to exploit export possibilities successfully for their products and services.

Inadequate/Untrained Export Personnel. Many small firms complain that they do not have sufficient personnel to handle the excess work demanded by export operations (Gomez-Mejia 1988). In fact, the percentage of company employees engaged in exporting usually significantly is lower than the contribution of exports to total company sales. Human resource problems also may arise due to the lack of specialized knowledge and expertise to deal with such export-business tasks as documentation handling, logistical arrangements, and

[8]Although a key functional area of the firm, marketing was treated as a separate category due to the great number of barriers found to be associated with it, as opposed to the other enterprise functions that exhibited far fewer problems.

communicating with foreign customers. To this, one has to add problems in speaking foreign languages, being exposed to foreign cultures, and obtaining hands-on export experience. To a large extent this can be attributed to the inadequate training and development of company personnel in export business issues.

Lack of Excess Production Capacity for Exports. Although the existence of unutilized production capacity stimulates many firms to begin exporting, the reverse acts as a barrier to initiating or to expanding export business (Albaum, Strandskov, and Duerr 1998). This illustrates the fact that many small companies view exporting as a peripheral business activity, undertaken only if there is availability of production resources. However, this is a shortsighted approach, because it is very likely that these resources could be used more effectively and efficiently in serving a foreign rather than the home market. Hence, small firms should adopt a more global perspective and should treat exporting as one of the strategic options open to them, with possible positive effects on overall business performance (Kamath et al. 1987).

Shortage of Working Capital to Finance Exports. Engagement in export operations often requires extensive expenditures in researching overseas markets, in visiting foreign customers, in adapting the export marketing strategy, and so on. Obviously, this creates excessive financial burdens for the smaller firm, especially if the latter already is strained financially because of domestic business problems. However, there are many sources of export financing not available for domestic selling, such as the letter of credit that can be used as security to finance exports. There are also several governmental agencies, such as the Export-Import Bank, that can provide small exporters with financial aid.

Marketing Barriers

Marketing barriers deal essentially with the company's product, pricing, distribution, logistics, and promotional activities abroad (Moini 1997; Kedia and Chhokar 1986). This is the largest problem area for the exporting firm, incorporating 16 items focusing primarily on the pressures imposed by external forces on adapting the elements of the marketing strategy. Of these, the most widely studied were meeting product quality standards, obtaining reliable representation, and coping with high transportation/insurance costs. Empirical findings associated with this category exhibited great variation, with their aggregate impact ranging from very high (for example, excessive transportation/insurance costs) to very low (for example, unavailability of warehousing facilities abroad).

Product

Developing New Products for Foreign Markets. As noted earlier, many small firms consider exporting a marginal business activity, whereby excess production can be absorbed. This results in a management attitude characterized by a reluctance to develop entirely new products for specific foreign market needs and wants. This problem becomes even more acute in view of the diversity of customer preferences across countries. As opposed to large corporations, small firms are in an inferior position regarding developing innovative products for the international market, due to lack of managerial expertise, absence of research and development capabilities, and limited financial resources (McConnel 1979). Small firms somehow can circumvent this problem by forming strategic alliances with other companies with expertise in introducing new products internationally.

Adapting Export Product Design/Style. Different conditions of use, variations in

purchasing power, dissimilar consumer tastes, and diverse sociocultural settings favor the adaptation of the company's product design and style to the idiosyncrasies of each foreign market. Although such adaptations are vital in gaining product acceptance and increasing company sales, they can pose several problems for the firm: (1) a rise in unit costs due to lack of economies of scale; (2) weak organization and control of exporting operations; and (3) variations in marketing support activities abroad (Terpstra and Sarathy 2000). Hence, it is important for small firms to adopt a contingency approach, weighing the pros and cons of adapting the product, as opposed to standardizing it, in each market.

Meeting Export-Product Quality Standards/Specifications. Product adaptations also may be necessitated by differences in quality standards among overseas markets. In fact, this becomes a problem in the case of countries with consumers who seek better quality than that offered in the firm's home market. Many foreign governments also use special legislation to set quality standards for certain categories of goods, thus making product adaptations mandatory. A case in point is the regulations aiming to protect the health and safety of the host country's population, with which the exporter is compelled to comply at extra cost. Although these requirements may constitute a problem for the small firm, the astute manager should take advantage of them to improve quality in the organization and to build a competitive advantage.

Meeting Export Packaging/Labeling Requirements. Many products sold abroad must be packaged in a certain way for safety during transportation, storage, and handling. Moreover, instructions contained inside packaging or on it must be written in a particular language(s) and must incorporate specific information required by the host country, such as the expiry date, type of ingredients, and net weight. Furthermore, the symbols, pictures, and colors appearing on the label should be adapted to meet foreign tastes and preferences (Ceteora and Graham 2001). Many small firms find these alterations in export packaging and labeling too time consuming and expensive, although important to achieve penetration in overseas markets.

Providing Technical/Aftersales Service. The large geographic distance separating exporters from their foreign customers causes delays and increases costs in the provision of postsales service (particularly for consumer durables and industrial goods) (Czinkota and Ronkainen 2001). This is because company personnel have to visit overseas markets at regular intervals, set up service stations in strategic locations, and maintain large quantities of spare parts. Moreover, variations in conditions of use, competitive practices, and physical landscape require adjustment in the mode of after-sales service across different countries, thus making the situation even more complicated and costly. As opposed to their larger counterparts, smaller firms find greater difficulties in offering this service internationally due to limitations in human, financial, and allied resources.

Price

Offering Satisfactory Prices to Customers. A serious problem cited frequently by small manufacturers is their inability to offer foreign customers satisfactory prices. Although this can be attributed partly to higher unit costs due to small production runs, export prices also can be escalated because of (1) additional costs incurred in modifying the product, its packaging, and service in overseas markets; (2) higher administrative, operational, and transportation expenses connected with exporting; (3) extra taxes, tariffs, and fees imposed when

entering the host country; and (4) the higher cost of marketing and distributing the goods in foreign markets (Tersptra and Sarathy 2000). The exporter can reduce the impact of this problem by using, for example, marginal cost-pricing techniques, more direct distribution methods, and cheaper product versions.

Difficulty in Matching Competitors' Prices. Closely related to the aforementioned barrier are difficulties in matching competitors' prices in international markets, which is one of the most severe problems faced by small firms. Lack of price competitiveness can be the result of a number of controllable (for example, the strict adoption of a cost-plus pricing method) and/or uncontrollable (for example, existence of unfavorable foreign exchange rates) factors. It also can be the result of differences from country to country in the cost structure of production, distribution, and logistics; in the adoption of dumping practices by competitors, and government policy to subsidize the local industry. Small exporters can somehow alleviate this problem by operating in niche markets and competing on nonprice considerations (Doole and Lowe 2001).

Granting Credit Facilities to Foreign Customers. Financing export sales also can cause problems for small firms, either because of a lack of funds to sustain this effort or of a fear that some customers may turn into bad debtors. In fact, credit risks tend to be greater for customers who are much farther away, have no past experience with the company, and come from countries with unstable politicoeconomic environments (Korth 1991). This problem can be alleviated to some extent by using less risky payment methods or by seeking the assistance of specialized government agencies.

Distribution

Complex Foreign Distribution Channels. The distribution system is different not only between the home and host countries but also among foreign markets. Specifically, (1) as opposed to developed countries, developing nations are characterized by a higher per capita number and smaller area size of retailing outlets; (2) while in some countries distribution channels consist of many layers, in others direct distribution systems are more prevalent; and (3) the range and quality of the services offered by distribution members varies substantially across countries (Terpstra and Sarathy 2000). Obviously, these variations create serious difficulties for the small exporting firm, which has to adjust its distribution methods according to the idiosyncrasies of each foreign market.

Accessing Export Distribution Channels. Apart from the above complexities, exporters also are confronted by the problem of gaining access to distribution channels in certain overseas markets. Some channels of distribution already may be occupied by the competition; the length of the channel may be too costly to manage; or the power may rest with a certain distributor who controls entry at various levels of the system (Czinkota and Ronkainen 2001). Some ways of bypassing this problem are by piggybacking on an already established system by another exporter selling complementary goods, by seeking the assistance of export management companies, or by setting up direct distribution channels (depending on company-resource availability and foreign market prospects).

Obtaining Reliable Foreign Representation. One of the major challenges facing exporters is to obtain reliable representation abroad. This is because it is very difficult to find foreign representatives who would meet the *structural* (territorial coverage, financial strength, physical facilities), *operational* (product assortment, logistical arrangements, warehouse facilities), and *behavioral* (market reputation, relationships with govern-

ment, cooperative attitude) requirements of the exporter. Even if these conditions are met, it is very likely that the representative already may be engaged by a competitor, either because of earlier entrance into the foreign market or because of the offer of more attractive credentials in striking a distribution deal.

Maintaining Control Over Foreign Middlemen. Geographic and cultural distance results in exporters having less control over middlemen in foreign markets. This situation becomes worse when (1) there is greater dependence on the middleman due to binding legal agreements; (2) it is difficult to find other middlemen in the market as replacements; and (3) the middleman carries other product lines that are more profitable than those of the exporter. One way to alleviate this problem is by offering certain incentives, such as competitive profit margins, market research assistance, and adequate credit extension, which, however, are not found easily among small firms. It is also critical to enhance communication links, especially in the form of frequent personal visits to the foreign market.

Logistics

Supplying Inventory in Overseas Markets. Selling goods across national boundaries also may cause problems with resupplying the foreign market adequately. Transportation delays, demand fluctuations, and unexpected events can create shortages of the company's products abroad. This may give rise to a number of disadvantages for the exporter, such as (1) the noncredible image of its products in the foreign market; (2) lost sales and profits from potential and existing customers; and (3) extra costs when using faster transportation means to send goods abroad. Many small firms claim that the more distant the foreign market is, the greater the likelihood of experiencing product shortages.

Unavailable Foreign Warehousing Facilities. Finding adequate warehousing facilities abroad is critical in securing a constant flow of products to the host market, in achieving timely delivery, and in maintaining product quality at high levels. However, in some foreign markets there are neither warehouses available in which to store the company's products nor the proper installations to safeguard their quality. Storage fees also may be prohibitive in some markets, while in yet others the warehousing equipment technology may be outdated. Notably, storage problems become more acute in the case of countries where there is a large territory to cover and where there is a consequent need for a multiple warehousing system in order to obtain satisfactory market coverage and support (Cateora and Graham 2001).

Excessive Transportation/Insurance Costs. Distances from foreign markets usually are greater than in the case of domestic buyers, thus delaying product delivery and increasing transportation costs (Albaum, Strandskov, and Duerr 1998). This situation is even more critical in those countries with large interborder distances, poor infrastructural facilities, and limited availability of transportation means. Notably, the higher risks associated with selling goods abroad require additional insurance coverage, which can increase the cost of the product and its price to the end user. This is a crucial problem for the small firm, since it seriously can damage its competitiveness in international markets.

Promotion

Adjusting Export Promotional Activities. Variations in buying motives, consumption patterns, and government regulations are responsible for adjusting promotional activity to individual foreign market requirements. Of the elements of the promotion mix, advertising requires particular attention, not only because it usually

takes the lion's share of the promotional budget but also because of greater sensitivity to the previously mentioned differences. There are several specific problems in advertising goods in overseas markets that warrant particular attention, namely (1) variations in the composition of the target audience; (2) inappropriate content of the advertising message; (3) unavailability or different use of advertising media; (4) restrictions in the frequency/duration of advertising; and (5) insufficient means to assess advertising effectiveness across countries.

External Barriers

Procedural Barriers

Procedural barriers focus on operating aspects of transactions with foreign customers and include three items: unfamiliarity with techniques/procedures, communication failures, and slow collection of payments (Kedia and Chhokar 1986; Moini 1997). These barriers have been studied widely by researchers in the field, revealing in most cases a moderate to high obstructing effect on export behavior.

Unfamiliar Exporting Procedures/ Documentation. Many small firms find customs documentation, shipping arrangements, and other export procedures too difficult to manage. They tend to associate these with excessive costs, time losses, and red tape, which thus encourage a negative attitude toward handling exports (Moini 1997). In fact, according to some estimates, the average international transaction involves 40 documents and 27 parties, resulting in documentation costs accounting for 7 percent of the total export costs (Terpstra and Sarathy 2000). Although exporting procedures generally are more complicated compared to domestic sales, some assistance can be obtained from consultative services, government agencies, and financial institutions. For instance, companies such as foreign freight forwarders specialize in handling most of these tasks at reasonable prices.

Problematic Communication with Foreign Customers. Communicating with foreign customers is essential for the smooth monitoring of the company's export operations. However, communication is in many cases insufficient and infrequent, mainly because of large geographic and psychological distances between sellers and buyers in international markets. Added to this is the poor communications infrastructure prevailing in many foreign countries, especially those with an underdeveloped economy (Terpstra and Sarathy 2000). This situation can create serious problems for the exporting firm, such as (1) misunderstandings arising from information exchanged with foreign customers; (2) poor control over activities in overseas markets; (3) delays in taking strategic and tactical export decisions; and (4) inadequate feedback from business developments abroad.

Slow Collection of Payments from Abroad. The lack of immediate contact with overseas markets, combined with the tendency of many foreign buyers to ask for more credit facilities, increases the possibility of slower collection of payments. This situation is more prevalent in the case of small companies that are desperate to enter a market using specific intermediaries or in countries where the central bank imposes strict currency restrictions. This problem can be overcome by seeking payment terms that provide more guarantees for the exporter, as in the case of a letter of credit, where the buyer's bank promises to pay the specified amount of money to the bank of the seller on presentation of the documents stipulated by the letter.

Governmental Barriers

Governmental barriers pertain to actions or inaction by the home government in relation to its indigenous

exporters.[9] Here, the emphasis is on two problem areas: (1) the limited interest shown by the government in assisting and in providing incentives to current and potential exporters; and (2) the restrictive role of the regulatory framework on export management practices. Despite attracting extensive research attention, both barriers demonstrated a relatively moderate impact on export-business development.

Lack of Home Government Assistance/Incentives for Exporting. Government agencies can be major promoters of export activity by guaranteeing loans, by subsidizing export prices, by organizing trade fairs, by sponsoring trade missions, by being a party in interstate trade agreements, and by publishing basic market data (Albaum, Strandskov, and Duerr 1998). However, in some countries exporters complain that they do not receive such assistance or when this is offered it is insufficient. Moreover, although this assistance may be provided fully, there are instances of exporters not being aware of how to make use of it. Furthermore, the assistance offered may not cater for the specific needs of small firms, nor may it take into consideration their stage of export development (Seringhaus and Rosson 1990). Hence, government officials need not just to offer sound national export promotion programs but also to tailor them to the requirements of different exporting groups.

Unfavorable Home Government Rules and Regulations. The role of the home government also may be restrictive through a number of controls imposed on indigenous exporters. This may include, for example, restrictions on exports to certain hostile countries prohibiting the sale of components that are going into products destined for specific overseas markets and restrictions on products with national security or foreign policy significance (Terpstra and Sarathy 2000). In spite of possible losses, the exporter should comply with these rules and regulations to maintain a favorable image in the home market and should get the prompt support of government agencies in other export ventures.

Task Barriers

Task barriers focus on the firm's customers and competitors in foreign markets, which can have an immediate effect on its export operations. Although these barriers have received adequate research attention, it seems that exporters are more concerned with problems caused by competitive pressures than customer peculiarities in overseas markets.

Different Foreign Customer Habits/Attitudes. Consumer habits and attitudes are not identical around the world, because of variations in topographic and climatic conditions, household size and structure, level of technical understanding, income level and income distribution, educational standards, manners and customs, and so on (Cateora and Graham 2001). All these lead to different product preferences and usage patterns, price-acceptance levels, distribution systems, and communication methods. Adjusting the company's strategy to accommodate these changes incurs higher costs and creates delays in exporting.

Keen Competition in Overseas Markets. Although a firm may enjoy a competitive advantage in the domestic market, when

[9]Most international business scholars treat home government barriers as part of the international environment within which the firm operates (Cateora and Graham 2001; Czinkota and Ronkainen 2001; Terpstra and Sarathy 2000). However, for analytical purposes, it was considered necessary to distinguish between barriers occurring in the exporter's home country and those found in foreign market environments (Leonidou 1995a).

transcending national boundaries it may lose this advantage and may encounter more complicated and intense competitive situations. This is because competition in international markets (1) can originate from many sources (domestic, host country, international); (2) can operate on a different base (low cost, product differentiation, government protection); (3) can have different positions vis-à-vis the firm (leader, challenger, follower); and (4) can employ variable marketing strategies from country to country (defensive, attack, niche). Resource limitations force many small firms to adopt niche marketing as the most viable strategy to compete abroad (Doole and Lowe 2001).

Environmental Barriers

This final category incorporates eight barriers referring primarily to the economic, political–legal, and sociocultural environment of the foreign market(s) within which the company operates or is planning to operate (Kedia and Chhokar 1986; Moini 1997). These barriers usually are subject to rapid changes and are very difficult to predict and control. Of these, the highest impact seems to come from barriers of an economic and regulatory nature.

Poor/Deteriorating Economic Conditions Abroad. Foreign markets may not be attractive to exporters due to poor or deteriorating economic indicators. This in turn may erode real domestic purchasing power and may affect consumer behavior negatively. For instance, consumers in countries experiencing serious foreign debts, high inflation rates, and high levels of unemployment tend to seek more economical products, to purchase goods at less frequent intervals, and carefully to select what they buy. In some countries, this barrier is of a periodic nature associated with changes in national economic cycles.

Foreign Currency Exchange Risks. One problem endemic to international business transactions concerns the risks associated with foreign currency exchange. These can be classified into three groups: (1) *unstable exchange rates*, leading to fluctuating export prices abroad; (2) *revaluation of exporter's currency*, resulting in less favorable prices to the end user; and (3) *unconvertible foreign currencies*, making the repatriation of sales/profits from abroad difficult. Some of the alternatives to cope with foreign currency exchange risks include buying forward currency, using "spot prices" on the day of receiving the order, and agreeing with the foreign buyer to use a currency basket that is more stable (Czinkota and Ronkainen 2001).

Political Instability in Foreign Markets. Some overseas markets are plagued by political instability caused by *economic* (low per-capita income, inflationary trends, large foreign debt), *societal* (religious fundamentalism, ethnic tension, high degree of corruption), and *political* (authoritarian regime, conflict with neighbors, military control) factors. Such instability can jeopardize seriously the exporter's operations abroad in a number of ways, namely by the confiscating of property, by the closing/suspending of activities, or by the prohibiting of repatriation of earnings. Obviously, the greater the involvement of the exporter in the overseas market, the greater the impact of the aforementioned actions on its operations (Terpstra and Sarathy 2000).

Strict Foreign Country Rules and Regulations. Foreign governments can impose a number of controls on companies that sell goods in their markets. These may include (1) *entry restrictions*, which delay or restrict the flow of the product in the market; (2) *price controls*, which limit the firm's profitability, particularly in inflationary economies; (3) *special tax rates*, which increase the export price of the product in the foreign

country; and (4) *exchange controls*, which create difficulties in sales and/or profit repatriation (Cateora and Graham 2001). Clearly, the diversity and intensity of these controls may turn the exploitation of export opportunities into a tedious, expensive, and prolonged task, which deters many small firms from venturing into foreign markets.

High Tariff and Nontariff Barriers. Import tariffs pose a serious problem for exporting firms, since they cause export prices to escalate. Although tariffs are overt and can be dealt with by using straightforward procedures, there are numerous nontariff barriers, such as *administrative subtleties* (arbitrary tariff classification), *quantitative restrictions* (quotas and embargoes), and *customs administration* (uplifting invoice value), resulting in serious difficulties for the exporter (Albaum, Strandskov, and Duerr 1998). Notably, the impact of tariff and nontariff barriers gradually has been reduced in recent years due to attempts by the World Trade Organization (WTO) to liberalize international trade.

Unfamiliar Foreign Business Practices. Business practices differ across countries, and this may place the unfamiliar exporter in a stressful situation. For instance, as opposed to modern societies, conservative countries are reluctant to take risks and to seek change. Moreover, while inaction during negotiations is a negative sign for western societies, in oriental cultures it provides a way of sweetening the deal. Also, the establishment of personal rapport is vital in conducting business in some countries, while in others more formal procedures need to be followed (Czinkota and Ronkainen 2001).

Different Sociocultural Traits. Differences in religion, values, and attitudes; manners and customs; aesthetics; education; and social organization constitute serious difficulties for the exporting firm, since they can greatly affect consumer behavior, targeting approaches, and marketing programs (Cateora and Graham 2001). This situation becomes more complicated in the case of countries consisting of many subcultures and/or different cultural contexts. Some ways of accommodating this situation include the appointment of managers with an international outlook, participation in cross-cultural training methods, and field trips to foreign markets.

Verbal/Nonverbal Language Differences. Although language is an inseparable part of culture, it warrants particular attention because (1) it helps to interpret the context of the culture; (2) it provides access to local society and helps to understand its specific needs; (3) it assists in export information gathering and market evaluation; (4) it facilitates the communication process with several audiences in the overseas market; and (5) it affects various components of the firm's marketing strategy, such as branding, packaging, and advertising (Terpstra and Sarathy 2000). Export managers should be familiar not only with the oral and written aspects of the foreign language but also with its nonverbal characteristics, such as body language, time perception, and separating space.

Conclusions and Implications

The preceding analysis has demonstrated amply that the smaller-sized firm's path to internationalization is not trouble free but is beset by many obstacles of variable severity and significance. Some of these obstacles are associated with internal weaknesses (for example, shortage of working capital), while others relate to external factors (as in the case of different customer habits). Moreover, there are also problems that arise within the domestic sphere of the exporter (for example, lack of government assistance/incentives) and others that occur in the foreign market where

the company operates or is planning to operate (such as keen competition). In general, internal barriers found within the country base of the exporting firm are more controllable and are easier to manage, as opposed to external problems occurring abroad.

The analysis also has shown that the frequency, intensity, or importance of export barriers can vary according to different time, spatial, and industry contexts. This highlights the fact that the impact of barriers exporting is situation-specific, largely depending on the idiosyncratic managerial, organizational, and environmental background of the firm. Irrespective of the influence of these factors, certain barriers (such as those pertaining to information inefficiencies, price competitiveness, foreign customer habits, and politicoeconomic hurdles) have a systematically strong obstructing effect on the export behavior of small firms.

Small business managers should adopt a proactive perspective against these barriers and take a number of steps: (1) Clearly anticipate, identify, and understand any problems that may hinder their exporting efforts using internal data, business intelligence, and marketing research; (2) prioritize these problems according to their impact on the achievement of export goals based on such parameters as persistence, difficulty, and importance; (3) diagnose the cause of each problem, and establish the degree to which it can be resolved and the means required to do so; (4) take corrective measures to accommodate these problems, using both internal and external means and beginning with those that are more urgent, intense, and critical; and (5) monitor the progress of the problem resolution process by setting up special feedback mechanisms.

Public policymakers should assist companies in reducing the inhibiting effect of these problems, since exports can increase foreign exchange reserves, can reduce unemployment levels, and can improve standards of living in the country. This can be achieved by preparing special programs for exporters, namely (1) *educational*, offering seminars, workshops, and lectures aiming to improve exporting skills (exporting procedures, export market research, export marketing strategy); (2) *operational*, supplying firms with information about foreign markets (technical standards, customer lists, commercial legislation); and (3) *promotional*, helping firms to boost their exports using special tools (export subsidies, financial assistance, and expert consultation). These programs should be designed having in mind the managerial, organizational, and environmental idiosyncrasies of small firms, as well as their degree of export involvement.

Business educators should design special courses in their curricula that would expose students to foreign realities. Academic training can consist of *factual* (international business lectures, books on exporting, foreign country briefings), *analytical* (sensitivity training, export case studies, classroom language training), and *experiential* (exporter–importer role plays, field trips abroad, simulation exercises) methods. Vocational training also should be offered to managers of small firms, focusing on the mechanics of the exporting process, such as paperwork preparation, international trade terms, and exporting techniques. Most importantly, educators should cultivate an aggressive, proactive, and determined global spirit among current and would-be exporters.

Finally, *exporting researchers* should capitalize on the findings of this study and take a number of research actions: (1) Assess concurrently the frequency, intensity, and importance of each item in the list of barriers compiled in this study and find its weighted impact on export management decisions; (2) identify the role of individual background factors—managerial, organizational, and environmental—

on export barrier perceptions, as well as their interactive effects; (3) evaluate the individual and cumulative impact of export barriers on each stage of the firm's export development, as well as on performance in overseas markets; and (4) conduct longitudinal and cross-cultural studies that would capture the variations in export barriers due to time and spatial influences.

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Appendix
Results of Empirical Studies on Export Barriers (Rank Orders)

Export Barriers	Groke and Kreidle (1967)	Alexandrides (1971)[a]		Pavord and Bogart (1975)[c]	Rabino (1980)	Tesar and Tarleton (1982)[a]		Albaum (1983)	Czinkota and Ursic (1983)	Kaynak and Kothari (1984)[b]				Cavusgil (1984)[c]	Barrett and Wilkinson (1985)[c]
Informational															
Limited information to locate/analyze market	—	1	1	2	—	—	—	4	2–5–9	1	—	2		—	—
Problematic international market data	—	—	—	—	—	—	—	—	—		7	—	4	—	3
Identifying foreign business opportunities	—	—	—		—	1	2	—	—	—	—	—	—	—	—
Inability to contact overseas customers	—	—	—	5	—	—	—	—	—	—	—	—	—	—	—
Functional															
Limited managerial time to deal with exports	—	—	—	9	—	—	—	—	—	—	—	—	—	—	12
Inadequate/untrained personnel for exporting	9	—	—	10–11	—	—	—	—	—	2		5	—	—	15
Lack of excess production capacity for exports	11	—	—	1–18	—	—	—	—	—	—	—	—	—	—	—
Shortage of working capital to finance exports	11	—	—	16	—	—	—	5	8	—	—	—	—	—	—
Marketing															
Developing new products for foreign markets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adapting export product design/style	11	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Meeting export product quality standards/specs	5	—	—	17	—	6	6	—	—	—	—	—	—	—	10
Meeting export packaging/labeling requirements	11	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Providing technical/aftersales service	—	—	—	3	—	4	7	—	3–6–7	—	—	—	—	—	6
Offering satisfactory prices to customers	—	—	—	—	—	—	—	—	10	4	—	6	—	—	—
Difficulty in matching competitors' prices	—	—	—	—	—	—	—	—	—	—	6	—	7	—	1
Granting credit facilities to foreign customers	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7
Complexity of foreign distribution channels	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Accessing export distribution channels	—	—	—	—	—	—	—	—	—	—	3	—	2	—	—
Obtaining reliable foreign representation	7	—	—	—	2	2	1	4	—	—	—	—	—	2	—
Maintaining control over foreign middlemen	10	—	—	13	—	—	—	—	—	—	—	—	—	—	5
Difficulty in supplying inventory abroad	—	—	—	—	—	—	—	—	—	—	4	—	8	—	—
Unavailability of warehousing facilities abroad	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Excessive transportation/insurance costs	4	—	—	—	—	5	5	—	—	—	4	—	8	—	2
Adjusting export promotional activities	—	—	—	—	—	—	—	—	—	—	5	—	6	—	—
Procedural															
Unfamiliar exporting procedures/documentation	2	2–4	3–4	6–15	1	3	3	1–6	4	4	—	3	—	—	—
Problems communication with overseas customers	—	—	—	—	5	—	—	—	—	—	—	—	—	—	11
Slow collection of payments from abroad	8	3	2	4	4	6	4	—	—	—	—	—	—	—	—
Governmental															
Lack of home government assistance/incentives	12	—	—	—	—	—	—	10	—	—	—	—	—	—	—
Unfavorable home rules and regulations	1	—	—	8	—	—	—	8	—	5	—	4	—	—	—
Task															
Different foreign customer habits/attitudes	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Keen competition in overseas markets	—	—	—	—	—	—	—	3–7	—	—	2	—	5	—	—
Environmental															
Poor/deteriorating foreign economic conditions	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Foreign currency exchange risks	—	—	—	—	—	8	8	—	—	—	—	—	—	1	—
Political instability in foreign markets	—	—	—	—	—	—	—	—	—	—	—	—	—	4	—
Strict foreign rules and regulations	1–11	—	—	1	—	—	—	—	—	—	1	—	1	5	—
High tariff and nontariff barriers	—	—	—	—	3	—	—	—	—	—	—	—	—	—	—
Unfamiliar foreign business practises	—	—	—	—	—	7	5	—	—	—	—	—	—	—	—
Different sociocultural traits	—	—	—	—	—	—	—	—	—	—	—	—	—	3	—
Verbal/nonverbal language differences	—	7	7	7	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous															
Other	3,6	5,6	5,6	12,14	—	7	8	2,9,10	1,10,11, 12	3	8	1	3	—	4,8,13,14, 16,17,18

[a]The first column shows nonexporters' perceptions of export barriers, while the second column refers to exporters' views.
[b]The first two columns concern the results of the Canadian study (nonexporters and exporters) and the last two of the U.S. study (nonexporters and exporters).
[c]Apart from small to medium-sized firms, the research sample also incorporated some larger companies.

Appendix
Continued

Export Barriers	Bauerschmidt, Sullivan, and Gillespie (1985)	Yaprak (1985)[a]		Karafakioglu (1986)[d]	Kedia and Chhokar (1986)[b]				Kaynak, Ghauri, and Olofsson (1987)	Hook and Czinkota (1988)	Cheong and Chong (1988)[c]				Sharkey, Lim, and Kim (1989)	Keng and Jiuan (1989)[a]	
Informational																	
Limited information to locate/analyze markets	—	1	2	2	—	—	—	—	—	—	2	—	1	6	—	—	4
Problematic international market data	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Identifying foreign business opportunities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5	—
Inability to contact overseas customers	—	2	—	—	6	5	4	1	—	1	—	—	—	—	—	3–4	6
Functional																	
Limited managerial time to deal with exports	—	4	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Inadequate/untrained personnel for exporting	—	5	4	4	—	—	—	—	—	—	7	7	5	—	—	4	7
Lack of excess production capacity for exports	17	3	—	—	—	—	—	—	—	—	—	—	—	—	N/A	4	—
Shortage of working capital to finance exports	16	7	—	—	16	6	13	13	—	2	8	1	—	—	N/A	4	—
Marketing																	
Developing new products for foreign markets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8
Adapting export product design/style	—	—	—	—	19	19	19	17	—	—	—	—	—	—	—	—	10
Meeting export product quality standards/specs	10	9	—	—	—	—	—	—	—	—	9	2	—	2	—	2	10
Meeting export packaging/labeling requirements	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Offering technical/aftersales service	—	—	—	—	17–18	15–12	17–20	16–20	—	—	—	—	—	3	—	—	—
Offering satisfactory prices to customers	—	—	—	—	14	4	9	7	—	—	—	—	—	—	—	—	—
Difficulty in matching competitors' prices	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	1
Granting credit facilities to foreign customers	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	5
Complexity of foreign distribution channels	6	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—	3
Accessing export distribution channels	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Obtaining reliable foreign representation	—	8	—	—	7	3	11	12	1	—	2	—	1	—	—	6	—
Maintaining control over foreign middlemen	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Difficulty in supplying inventory abroad	—	—	—	—	20	20	18	18	—	—	—	—	—	—	—	—	—
Unavailability of warehousing facilities abroad	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Excessive transportation/insurance costs	2	—	—	—	13	17	14	15	—	—	—	—	—	—	N/A	—	—
Adjusting export promotional activities	—	—	—	—	5	10	16	19	—	—	6	—	—	—	—	—	2
Procedural																	
Unfamiliar exporting techniques/procedures	—	6	1–4	—	1–2	7–16	1–2	2–6	—	—	1	3	2	5	N/A	—	12
Problem communication with overseas customers	—	—	—	—	9	11	5	8	2	—	—	—	—	—	—	—	—
Slow collection of payments from abroad	—	—	2	—	10	13	6	9	—	—	—	—	—	—	—	—	—
Governmental																	
Lack of home government assistance/incentives	8–9	—	—	3	—	—	—	—	—	—	3	—	—	—	N/A	—	—
Unfavorable home rules and regulations	—	—	—	—	4	7	7	14	—	6	—	—	—	—	N/A	—	—
Task																	
Different foreign customer habits/attitudes	11	—	—	—	—	—	—	—	—	—	—	4	—	—	N/A	—	—
Keen competition in overseas markets	12–13	—	—	1	15	2	14	5	—	4	—	9	—	1	N/A	—	—
Environmental																	
Poor/deteriorating foreign economic conditions	—	—	2	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Foreign currency exchange risks	1	—	—	—	8–11	9–13	8–10	10–4	3	—	—	—	—	—	N/A	—	—
Political instability in foreign markets	—	—	—	—	—	—	—	—	5	—	—	—	—	—	—	—	—
Strict foreign rules and regulations	7	—	—	3	—	—	—	—	4	3	—	3	—	5	—	—	—
High tariff and nontariff barriers	4	—	—	—	—	—	—	—	—	—	—	8	—	—	—	—	—
Unfamiliar foreign business practises	—	—	—	—	3	9	2	3	—	—	5	—	4	—	—	—	—
Different sociocultural traits	14	—	—	4	—	—	—	—	—	—	9	10	—	—	N/A	—	—
Verbal/nonverbal language differences	—	—	3	—	—	—	—	—	—	—	9	10	—	—	N/A	—	—
Miscellaneous	3,5,														N/A		
Other	13	10	6	2,3	12	18	11	11	—	5	—	—	—	—	N/A	1	9

Appendix
Continued

Export Barriers	Sullivan and Bauerschmidt (1989)	Dichtl, Köglmayr, and Müller (1990)[a]		Diamantopoulos, Schlegelmilch, and Allpress (1990)	Howard and Borgia (1990)	Weaver and Pak (1990)	Barker and Kaynak (1992)	Katsikeas and Morgan (1994)	Leonidou (1995b)	Kaleka and Katsikeas (1995)	Ramaseshan and Soutar (1996)	Moini (1997)[a]		Morgan and Katsikeas (1997)	Leonidou (2000)
Informational															
Limited information to locate/analyze markets	—	7	12	—	2	—	—	N/A	3	10	—	—	—	N/A	5
Problematic international market data	17	—	—	—	—	—	—	N/A	—	—	—	—	—		—
Identifying foreign business opportunities	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—
Inability to contact overseas customers	—	—	—	—	—	2–8	—	—	—	6	12	4	2	N/A	—
Functional															
Limited managerial time to deal with exports	—	—	—	—	—	—	—	—	4	—	—	—	—	—	—
Inadequate/untrained personnel for exporting	19	2	4	—	—	—	4	N/A	12	12	—	—	—	N/A	10
Lack of excess production capacity for exports	25	—	—	—	—	—	—	—	13	—	—	—	—	N/A	—
Shortage of working capital to finance exports	21	10	11	—	—	4	—	N/A	8	4	12	6	10	—	6
Marketing															
Developing new products for foreign markets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Adapting export product design/style	18	—	—	—	—	—	—	N/A	—	—	—	1	6	N/A	—
Meeting export product quality standards/specs	15	5	3	—	19	—	—	N/A	19	7	11–16	—	—	N/A	9
Meeting export packaging/labeling requirements	—	—	—	—	23	—	—	N/A	—	—	—	—	—	N/A	—
Offering technical/aftersales service	14	9	9	—	7–18	—	—	—	18	—	—	2–4	3–6	—	13
Offering satisfactory prices to customers	—	4	1	—	14	—	—	—	—	—	—	3	5	—	2
Difficulty in matching competitors' prices	—	—	—	—	—	—	—	N/A	2	5	—	—	—	N/A	—
Granting credit facilities to foreign customers	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Complexity of foreign distribution channels	11	—	—	—	—	—	—	—	11	—	—	—	—	—	—
Accessing export distribution channels	—	—	—	—	—	—	—	—	—	—	—	—	—	N/A	—
Obtaining reliable foreign representation	10	—	—	1	1	—	—	N/A	10	—	9	4	1	—	8
Maintaining control over foreign middlemen	—	—	—	—	5	—	—	—	—	—	—	—	—	—	—
Difficulty in supplying inventory abroad	—	—	—	—	11	—	—	—	—	—	—	7	6	—	—
Unavailability of warehousing facilities abroad	—	—	—	—	11	—	—	—	—	—	—	—	—	—	—
Excessive transportation/insurance costs	2	—	—	—	11	—	3	N/A	9	11	1	—	—	—	7
Adjusting export promotional activities	9	—	—	—	11–14	—	—	N/A	—	—	—	5	7	N/A	—
Procedural															
Unfamiliar exporting techniques/procedures	—	—	—	—	20	1–7	1	N/A	16	—	10	3	9	N/A	12
Problem communication with overseas customers	—	—	—	—	—	—	—	N/A	17	—	—	2	4	N/A	—
Slow collection of payments from abroad	8	—	—	—	10	10	9	N/A	14	—	—	4	9	—	—
Governmental															
Lack of home government assistance/incentives	22–26–27	—	—	—	—	—	5–7	N/A	6	2	8–15	—	—		1
Unfavorable home rules and regulations	24	—	—	—	—	6	—	N/A	—	—	—	—	—	N/A	—
Task															
Different foreign customer habits/attitudes	20	—	—	—	—	—	—	—	18	—	—	—	—	—	7
Keen competition in overseas markets	3–12	3	2	—	—	—	—	N/A	1	1–2	4–15	—	—	—	4
Environmental															
Poor/deteriorating foreign economic conditions	—	—	—	5	—	—	—	—	—	—	—	—	—	—	3
Foreign currency exchange risks	1–4	—	—	4	22	—	—	N/A	7	8	3	8	8	N/A	8
Political instability in foreign markets	—	—	—	6	5–9	—	—	—	—	—	—	—	—	—	5
Strict foreign rules and regulations	13	11	5	—	—	5	—	—	12	10	14	—	—	N/A	7
High tariff and nontariff barriers	5	12	8	—	—	—	2	—	9	—	—	—	—	—	—
Unfamiliar foreign business practices	—	—	—	2	16	3	—	—	15	—	—	—	—	—	11
Different sociocultural traits	16	6	7	—	13	—	—	—	—	8	17	—	—	—	11
Verbal/nonverbal language differences	16	—	—	—	—	9	12	—	17	8	19	—	—	—	11
Miscellaneous	6,7,23,28,	1,8	6,8,10	3	3,4,7,		8,9,	N/A	5	5,6	2,5,6,				
Other	29,30				16,20	—	10,11	N/A			7,18	—	—	—	6

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