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**Exporting as a Dynamic Process:
A Study of
New Zealand Specialist Food Exporters**

**A thesis
submitted in partial fulfilment
of the requirements for the Degree
of
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at the
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Abstract

The object of this study was to understand the export process by conducting case study research among New Zealand specialist food exporters. Past export research has used quantitative approaches to determine the influence of firm and environmental variables on quantitative measures of superior export performance. This approach has suggested that export processes are static and unidirectional; conceptualisations which contrast with the dynamic change that is apparent in firm export activities seen through export experience or even casual observation. It was in an effort to understand this changing export process that this study was undertaken.

Among the firm factors identified as influencing superior export performance are the perceptions of firm management. These perceptions change over time and those of export performance are specifically noted as influencing management perceptions. This study draws on these concepts of management perceptions and the role of strategy in the export process to ask “in which ways does export performance influence the export strategy process?” As a basis to frame and advance the study, the findings of past export research and its allusion to the role of performance perceptions were used to develop a research model.

The research question suggested an approach that would allow the researcher to get close to the research context; this was achieved using a methodology of phenomenology. To implement this research approach, case study, in a multiple case design, was used to gain insight into the perceptions of informants. The study was further facilitated by using the dynamic context provided by New Zealand specialist food exporters, from which eight case firms were selected using export and business criteria.

Interviews with management were the principal source of evidence. Evidence gathering was carried out concurrently with the analysis of evidence. This allowed earlier informant evidence to inform subsequent evidence gathering. Analysis used a variety of instruments to increase focus in case data, providing a basis for the development of the study's findings. Consistency across cases in field work and analysis was underwritten by the use of a case study protocol and specialised computer software to maintain a case study data base.

Informant evidence indicated that export practitioners in case firms had a wider perception of export performance than past export research had suggested. These perceptions derive from streams of indicators of performance and contextual situations arising from export activities. The management perceptions that these indicators engender are applied in firm export strategy processes.

While the focus on export activity indicators varies according to firm organisational structure, the use of a range of indicators was a feature of all firms in the study.

These flows of indicator information and the perceptions and changes that they generated were part of a dynamic cycle of export activities. This process saw firm export strategy continuously reviewed, reformulated and implemented as it was adapted to address perceived changes in firm performance and context. These findings lead to the development of a conceptual model of a dynamic export process across case firms.

The dynamic export process identified in this study is a significant extension of past static cross-sectional conceptualisations of the export process. It suggests that export practitioners draw upon a wide range of export activity indicators to build perceptions of export outcomes and their export context. These perceptions inform and influence future export strategy and in turn, future export outcomes. This contribution to export research provides an understanding of the dynamic export process that is close to the reality of export practitioners. This understanding allows researchers, exporting firms and policy makers to conceptualise the export process in terms that are close to actual export practice. In addition, these exploratory findings of a dynamic export process provide a platform for further research to consider the application of this conceptualisation across exporting firms as a whole.

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Chapter 1 Introduction

1.1.0 Background to the Research

Growth and change in the world economy present opportunities for the expansion of export activities which are particularly important for small nations such as New Zealand. In this environment New Zealand's export performance has been relatively poor and its improvement has been an objective for successive governments (Crocombe, Enright, & Porter, 1991; New Zealand Herald, 1999; Walker & Liu, 1998). Some export research suggests that superior export performance is facilitated by an understanding of the nature of the export process among those participating in export activities (Gemunden, 1991; Styles & Ambler, 1994). The research reported in this thesis used case study research among New Zealand specialist food exporters to draw on the experience of export managers to advance understanding of the export process.

Recent export research, in pursuit of an understanding of the reasons for superior export performance, has focused on the influence of internal firm factors and external factors on quantitative measures of export performance (Aaby & Slater, 1989; Chetty & Hamilton, 1993b; Zou & Stan, 1998). This search has identified the constructs of firm characteristics, firm competence, strategy, and the nature of firm management, as key antecedents of superior export performance.

In modelling the export process a variety of these constructs have been applied in static unidirectional conceptualisations in which the achievement of superior export performance is the principal objective (Aaby & Slater, 1989; Cavusgil & Zou, 1994). In the face of these unidirectional conceptualisations of the export process, the researcher's export practitioner experience and even casual observation suggest that export processes change over time. This change appears to occur in response to change in firm circumstances and in their environments to generate a dynamic export process. It was to better understand exporting as a dynamic process that this study was undertaken.

This chapter provides an overview of this study. The research problem and question are introduced in section 1.2.0 and the reasons for undertaking the research are outlined in section 1.3.0. The methodology and specific research tools used in the study are summarised in section 1.4.0. Limitations of the research are noted in section 1.5.0 and the structure of the thesis is explained in section 1.6.0. The chapter concludes in section 1.7.0.

1.2.0 Research Problem and Question

In pursuit of specific research objectives, export research has developed static unidirectional conceptualisations of the export process, in which discrete constructs are applied in the pursuit of quantitative concepts of performance. Such conceptualisations have become entrenched in export research and the thinking that they promote underlies much export policy and practice. This understanding has encouraged researchers, policy makers and export practitioners to focus on quantitative export outcomes and to view the export process in its disparate parts.

These views of the export process have led to a range of narrow policy approaches in government's export support programmes, which expect one model to fit all firms. Similarly, export practitioners have been encouraged to focus on specific elements of exporting rather than on their firm specific circumstances or the export process as a whole. An understanding of exporting as the dynamic process which practitioners experience, rather than as a static hypothetical process, would provide an export practice oriented basis for researchers, policy makers and export practitioners to undertake their activities.

While export research in general has suggested static unidirectional conceptualisations of the export process, some researchers allude to the influence of management perceptions on export performance (Aaby & Slater, 1989; Axinn, 1988; Bilkey, 1978; Leonidou, 1995; Namiki, 1988). Indeed, it is further suggested that change in management perceptions may result in change to export activities (Axinn, 1988; Namiki, 1988).

Drawing on the suggestions that management perceptions of export performance influence exporting, that these perceptions may change over time and the central role of strategy in the export process, the research question “In which ways does export performance influence the export strategy process?” was posed. To provide a framework for the investigation of the research question, a conceptual model of the export process, figure 3.1, was developed. This research model drew on past export research to suggest that firm attributes are deployed in an exogenous environment using an export strategy process to produce export performance. Drawing on suggestions that management perceptions may modify export activities, the model further suggested that firm perceptions of export performance outcomes would influence future export strategy and, in turn, future export performance.

In pursuit of an understanding of a dynamic export process, a dynamic research context was required. Among New Zealand's export industries, specialist food products were identified as facing rapidly changing world market conditions. The world market for specialist food products is dynamic, driven by frequently changing consumer's tastes as they pursue new food experiences. In addition, New Zealand specialist food exporters were seen as offering more potential for growth than other commodity based export industries. In these circumstances, New Zealand specialist food exporters were considered an appropriate context for this study.

The matters outlined in this section are discussed in detail in the body of the thesis. The development of the research question and the research model are discussed in Chapter 3. The nature of the research context and its appropriateness for this study are explained in Chapter 4. These elements of this study provided the foundation for understanding the research as a whole.

1.3.0 Reasons for the Research

This study sought to build on past thinking to extend understanding of the export process. Pursuit of this objective addressed an imbalance in present export research thinking, in which an apparently dynamic process was conceived as static and unidirectional. An understanding of exporting as a dynamic process was seen as addressing the gap in present understanding and having both theoretical and practical implications.

An understanding of exporting as a dynamic process will provide a basis for future researchers to frame their research in terms that are closer to the reality of export practitioners than present thinking allows. Export research has focused on identifying the antecedents of superior export performance and their arrangement in the export process. The understanding that this effort has generated, while facilitating research, is distanced from export practice and appears to undervalue the role of management in the export process. In focusing on the role of management in the export process this study suggests an export process conceptualisation that is close to practitioner experience.

In addition, most past export research has employed quantitative research approaches. In contrast, this study driven by the research question employs a qualitative approach.

This approach addresses past export researcher suggestions that the use of case study research in export research will provide insights that may not emerge using quantitative research approaches (Chetty, 1996). Such a research foundation may yield findings that are more useful to export practitioners than present understanding permits.

From a practical perspective, it was anticipated that the improved understanding generated by this study would facilitate improved export policy and practice. The understanding that the study developed from export management experience will allow policy makers to view the export process as a dynamic whole, rather than in its disparate part or as a static unidirectional process. Such an understanding will allow policy makers to address exporter needs in their terms and with an understanding familiar to them. Similarly, export practitioners will be able to draw on these findings to understand and improve their export activities as a whole process.

The completion of this study was seen as having the potential to contribute to researchers' understanding of the export process as well as having practical implications for policy makers and export practitioners. An export practitioner-oriented understanding of the export process should allow researchers to produce research findings that are relevant to an audience across the field of exporting.

The application of the findings of this study by policy makers and export practitioners has the potential to lead to the improved export outcomes which both parties seek. The reasons for undertaking this study are considered in Chapter 4, section 3 and its potential implications and applications are discussed in Chapter 8, section 4.

1.4.0 Methodology

This study's research objectives required a research approach that would allow the researcher to get close to export managers and to appreciate their perceptions. This need contrasts with the dominant research approach used in export research which employs nomothetic methodologies and survey research methods. In order to achieve the depth of understanding that the research question demanded, the ideographic methodology of phenomenology and the research strategy of case study method were selected for this study.

Within the methodology of phenomenology the research strategy of case study provided the practical framework for the execution of the study using a multiple-case case study design. The study was pre-structured, using the research model as a framework and a case study protocol to ensure the consistency of instrumentation across cases. New Zealand specialist food exporters provided the dynamic context that pursuit of the research question required; the firm was selected as the unit of analysis and evidence was principally collected using interviews with managers in case firms. The research instruments were tested using a pilot study and refined before their application in this study.

Case selection and evidence gathering continued until a point of theoretical saturation in evidence collection was achieved. The analysis process proceeded concurrently with evidence collection allowing early understanding to inform further evidence collection. The analysis process employed a variety of tools, including evidence classification, ordered meta-matrices and time series analysis. The use of concurrent evidence gathering and data analysis ensured a seamless process in which the resulting depth of understanding was maximised. Qualitative data analysis software provided a case study database and facilitated the application of analysis tools to informant evidence.

The methodology, research strategy and research instruments used in this study are discussed in detail in the body of this work. The process of methodology selection is discussed in detail in Chapter 5, section 1 and the design of the study is described in detail in Chapter 5, section 2. The process of selecting the research context is discussed in Chapter 4 and the application of analysis tools is described in Chapters 6 and 7. Together this material provides a basis for the reader to place this study in its research and practical context.

1.5.0 Limitations of the Research

The research question that provides the basis for this study asks about exporting in general but, given current understanding, the research it requires is exploratory. To facilitate this research requirement, a small sample frame in a specific industry within a narrow geographic spread was chosen. These constraints limit the application of the findings to the specific context of the research as these findings are preliminary, seeking to provide insight rather than general understanding. This insight may in the future provide a basis for the pursuit of wider understanding across firms in general.

In addition to being bounded in its context this study focuses on a specific part of the export process. The study concentrates on the influence of the outcomes of export activities on future export strategy. Outside these concepts, the research process has relied on understanding of the export process drawn from prior research to frame the findings. Furthermore, during evidence gathering and analysis it became apparent that perceptions of export performance, in addition to influencing future export strategy, may accumulate in case firms in the form of experience and knowledge.

Understanding this notion of the accumulation of knowledge or experience, except as it was necessary to facilitate evidence gathering and analysis, did not form part of this study.

The study faces further potential limitations on methodological grounds. Some may question the ideological foundation of the study or suggest that it lacks validity or reliability. These potential limitations have been addressed in the specific design of the study and the instruments used in its execution. Despite these potential limitations to the study, it is a serious effort to contribute to knowledge.

The limitations to the study and the action taken to mitigate them are described in the body of this work. Limitations arising from the context and scope of the study are discussed in Chapter 8, section 3 and the management of limitations on methodological grounds is described in Chapter 5, section 3. An understanding of the limitations of this study is essential for the reader to be able to place the work in its research and philosophical context.

1.6.0 Structure of the Thesis

The presentation of this thesis comprises nine principal chapters. This introduction, Chapter 1, introduces the topic, its selection and outlines the research approach used in the study and addresses its limitations. Chapter 2, Literature Review, examines general business and export research literature relevant to the development of the research question and to understanding the findings. Chapter 3 introduces the research question and explains the development of the research model used to frame the study. The world food industry and more specifically New Zealand's food industry is discussed in Chapter 4 to provide the reader with an understanding of the context and its selection. The selection of the methodology, the method used to frame the study and the specific instruments used in evidence collection and analysis are described in Chapter 5. Chapter 6, Within Case Analysis and Findings, presents quantitative characteristics of the firms in the sample frame, followed by reports of individual within case findings. Chapter 7, Across Case Analysis and Findings, brings together within the case findings to identify and model the dynamic export process across case firms. In Chapter 8 the study's findings are discussed in the context of past export research findings, and general business thinking and their limitations and implications are considered. Chapter 9, Conclusions, reconsiders important points from the preceding chapters.

1.7.0 Conclusions

This chapter describes the underpinning for this thesis. The background for the study is outlined to place the work in a wider context. The research problem, research question and research model that provided the basis and framework for the study are described and explained. Reasons for conducting the study are introduced and the methodology and research approach employed is briefly described and explained. The contextual and theoretical limitations of the study are presented and the layout of the thesis is described. This material provides a basis for the reader to proceed with consideration of the detailed description of the study that follows.

Chapter 2 Literature Review

2.1.0 *Introduction*

This Chapter describes the research setting in which this study was undertaken, providing an understanding of contemporary thinking and the thrust of export research in which this thesis is positioned. Present understanding of export performance and its antecedents are discussed, leading to consideration of the conceptualisation of the export process. In these discussions the pertinent issues of conceptualisation and measurement of export performance, the influence of firm size, the role of the environment and firm management in the export process are specifically considered. Building on this understanding, thinking about exporting as an expansive process is reviewed and possible influential factors and processes generating or influencing dynamics in export activities are discussed. These discussions identify the gap in present understanding that this thesis addresses, indicate the basis for framing the study and providing a starting point from which to judge the balance of this thesis.

The thrust of present export research thinking is identified as the pursuit of the antecedents of exemplary export performance. This focus has encouraged unidirectional understanding of the export process, thinking which exacerbated by a focus on cross-sectional studies which focus on static quantitative export outcomes.

In contrast to these static unidirectional export process conceptualisations this thesis proposes that the export process is dynamic, driven by the response of export strategy processes to changes in firm export performance outcomes and in the export environment.

The Chapter begins by considering the concept of export performance in section 2.2.0, this provides a basis to consider and discuss antecedent variables influencing superior export performance and export process conceptualisations in section 2.3.0. Research thinking about exporting as an expansive process and wider dynamic concepts in a business and export context are considered and discussed in section 2.4.0. The place of this study in its export research context are presented and conclusions drawn in section 2.5.0.

2.2.0 Export Performance

The concept of export performance is a fundamental element in export research. The search for an understanding of the antecedents of superior export performance places it as the dependent variable in numerous studies. In this position it has become the most important and debated variable in this field. In spite of the relative importance of this variable its conceptualisation and measurement is diverse and subject to ongoing controversy.

In export research the concept of performance draws on understanding provided in academic research in general, and in strategic management, and export marketing in particular. In seeking to understand the effect of various activities and circumstances on firm performance, researchers often pay only cursory attention to the nature of performance. This casual approach to the complex concept of performance is seen by some (Keats, 1988) as weakening the quality of the research conclusions.

In current export research an understanding of export performance is critical to appreciating thinking about the export process as a whole. This section considers the conceptualisation and measurement of performance in the wider business research context in section 2.2.1, before examining past and present concepts of export performance in the specific area of export research in section 2.2.2.

2.2.1 The Concept of Performance

The Concise Oxford Dictionary (1964) defines performance as "Execution; carrying out, doing", but unlike this dictionary meaning, performance in the context of business activity is more comparative. Performance in a business context seeks to compare one unit or set of outputs with another to provide a comparison, with superior performance seen as that which produces the relatively more attractive output. This notion of performance as a relative measure is pervasive in business thinking.

The concept of relative or comparative performance lies at the heart of all business endeavours underlying organisational effectiveness and competitiveness (Buckley, Pass, & Prescott, 1988; Venkatraman & Ramanujam, 1986). Relative performance is likely to vary over time, this year's production may be the same as last year's but this year's performance may not, for any number of reasons, be considered as good as last year's. This non-static nature of success (Matthyssens & Pauwels, 1996), its transience, further complicates understanding of the concept of performance. The complexity inherent in performance has led some to suggest that it is a multi dimensional phenomenon (Dess & Robinson, 1984; Matthyssens & Pauwels, 1996).

The complexity of performance is evident in the variety of academic approaches to its conceptualisation. These concepts perceive performance in strictly measurable terms at one extreme and in more unique subjective perceptual terms at the other (Venkatraman & Ramanujam, 1987). These extremes are also observed in management practice, where conceptions of performance range from purely economic concepts to the "Balanced Scorecard" (Kaplan & Norton, 1996) operational view of performance. In contrast to these traditional notions of firm performance which can be generalised across firms and industries, Keats and Bracker (1988) suggest that small firms are unique entities whose performance should be conceived in terms of the characteristics of the owner. This range of concepts of performance reflects the views of a diverse range of stakeholders (Shoham, 1998) and is in keeping with its multi dimensional nature.

Concepts of performance, from generalised and measurable to individual and unique, are apparent in approaches to its measurement. The extremes of measurement for these dichotomous conceptualisations are variously described as hard and soft (Madsen, 1998) or objective and subjective (Dess & Robinson, 1984). In these concepts, profits, sales growth and similar financial indicators are considered hard, objective measures, while management perceptions of outcomes are considered soft, subjective measures (Styles, 1996).

Whether performance is conceived and measured as either an objective or subjective phenomena, it is in conflict with the notion of performance as multi dimensional. The most frequently used performance measures appear to be economic in nature (Cavusgil & Zou, 1994) in spite of there being a variety of conceptions of performance. This common focus on objective financial indicators is the narrowest conception of business performance (Venkatraman & Ramanujam, 1986).

Rather than take a polarised view of performance some researchers propose a more multi dimensional approach to performance measurement.

Venkatraman and Ramanujam (1986) propose a mixed set of measures using financial performance, financial plus operational performance and organisational effectiveness to circumscribe the concept of business performance. Cavusgil and Zou (1994) define export performance in terms of a firm's achievement of their economic and strategic objectives. These multi dimensional approaches to construct measurement address concerns among researchers about the validity of single measure constructs (Sullivan, 1994; Sullivan, 1996), but they risk being considered misleading because of unbalanced variations within the measurement frame (Ramaswamy, Kroeck, & Renforth, 1996). Despite some researchers showing practical support for multiple measures to operationalise performance, they are relatively isolated incidents in a sea of one-dimensional approaches.

A researcher's choice of measurement for the operationalisation of the construct performance will reflect their conceptualisation of performance and the practicalities of data gathering (Styles, 1996). This suggests that where a researcher conceives performance in subjective terms, data may be drawn from managerial or other stakeholder perceptions of goal achievement, perceived success, or satisfaction (Chetty, 1996). Conversely where a researcher conceives performance strictly in financial terms, collection of objective data, sales, return on equity (ROE) or similar indicators, drawn from firm records are likely to be chosen as measures of firm performance (Keats, 1988). However where financial data indicating firm performance is a matter of confidentiality, researchers may have to resort to using subjective sources such as managerial perceptions of a firm's objective results (Dess & Robinson, 1984; Keats, 1988; Piercy, Kaleka, & Katsikeas, 1998). This need to trade off the ideal against the practical raises questions about the quality of research findings.

The consistency and validity of both objective and subjective approaches to performance data gathering have been subject to a good deal of discussion. Differences in accounting or management practices between firms and countries raise questions of vertical construct validity and consistency where financial data is the basis of measurement (Keats, 1988; Styles, 1996).

Such concerns and the historical nature of financial data, reflecting the past rather than the present, has led to increased interest in current market-related measures of performance (Keats, 1988).

The alternative to objective measurement is subjective measurement of perceptual understanding. Where measurement draws on managerial perceptions there is concern that perceived results over or underrate the actual performance being measured. However, research within firms has shown that there is a high correlation between data drawn from objective and subjective measurement (Dess & Robinson, 1984; Venkatraman & Ramanujam, 1987).

Firm performance is clearly an elusive concept, with as much diversity of understanding as there are stakeholder or researcher interests. In spite of support for the concept of performance being multi dimensional, the use of narrow objective measures, whose validity is questioned, still predominates. To ensure wider academic support and consistent results from research, more clarity and consistency in performance measurement is required. These questions and doubts about the nature and measurement of firm performance are the wider context in which export performance thinking is placed.

2.2.2 Export Performance Conceptualisation

Export performance research is subject to similar contentions and debate as performance in wider business and organisational research. Export performance research frequently fails to develop the concept of performance, or to explain the philosophy behind its measurement (Aaby & Slater, 1989; Keats, 1988; Matthyssens & Pauwels, 1996). In most studies the measures of export performance are simply stated by researchers with little or no explanation of the basis for their selection (Zou, Taylor, & Osland, 1998). Indeed much of the body of export research that considers the exporter non-exporter dichotomy implies that exporting in itself is some form of successful performance (Aaby & Slater, 1989).

Where research fails to clearly conceptualise export performance one must look to the operationalised measures used by researchers in an effort to understand their notion of export performance. In export performance research, the common measures for export performance are financial outcomes indicating a common financial conceptualisation of export performance (Zou et al., 1998). This focus on financial conceptualisations is borne out by the studies summarised in table 2.1.

Table 2.1 Export Performance Definition and Measurement

Author	Is Perform. Defined?	Performance Measures
(Beamish, Karavis, Goerzen, & Lane, 1999)	No	Export intensity and absolute levels of exports
(Madsen, 1998)	Yes	Managers Perceptions
(Shoham, 1998)	No	Export intensity, Export Volume, Market Share & Change in Sales. Manager satisfaction with the above.
(Hoang, 1998)	No	Export Intensity and Export Growth over Time
(Styles, 1998)	Yes	Attainment of Strategic Goals, Export Sales growth, Average Profitability and Perceived Success
(Shoham & Kropp, 1998)	Yes	Export intensity, Export Profitability and Performance Change
(Thirkell & Dau, 1998)	In part	Objective (10) and Judgmental (10)
(Zou et al., 1998)	Yes	Financial, Strategic and Satisfaction measures
(Wood & Robertson, 1997)	No	Export intensity and Expected Future Sales
(Axinn, Noordewier, & Sinkula, 1996)	No	Export intensity and Export Profitability
(Holzmuller & Stottinger, 1996)	No	Export intensity & Change in Export intensity
(Katsikeas, Piercy, & Loannidis, 1996)	Yes	Perception of Market Share, Sales Volume and Profitability
(Das, 1994)	No	Export Intensity and Export Growth
(Cavusgil & Zou, 1994)	Yes	Attainment of Strategic Goals, Export Sales growth, Average Profitability and Perceived Success
(Evangelista, 1994)	Yes	relative satisfaction (subjective)
(Chetty & Hamilton, 1993b)	No	Export intensity
(Louter, Ouwerkerk, & Bakker, 1991)	In part	Export intensity, Export Profitability and Relative Profitability compared to domestic sales
(Samiee & Walters, 1990)	No	Export intensity, Number of Countries Exported to and Export profit Margin
(Lee & Yang, 1990)	No	Export intensity, Relative Export Growth and Profitability
(Axinn, 1988)	No	Export Intensity
(Koh & Robicheaux, 1988)	No	Export Profitability
(Reid, 1987)	In part	Export Intensity
(Reid, 1986)	No	Export Dependence, Export intensity & Absolute Export Sales and Export Growth
(Cooper & Kleinschmidt, 1985)	In part	Export Intensity and Export Growth
(Rosson & Ford, 1982)		Sales (Export) trend and Sales Growth
(Fenwick & Amine, 1979)	Yes	Export intensity, Export Ratio Growth, Export Sales Volume, subjective evaluation of export success

These illustrations indicate that export intensity, the ratio of export sales to total sales, is the most widely used performance measure in export research.

This ratio forms all or part of the performance measure in 64% of the examples listed.

Indeed export intensity is entrenched to the point where some researchers note that they have used it as a matter of “tradition” (Cooper & Kleinschmidt, 1985; Lee & Yang, 1990) rather than for any explained conceptual or theoretical reasoning. Export intensity is used in a variety of configurations. It is used alone (Axinn, 1988; Chetty & Hamilton, 1993b; Reid, 1987), together with export growth (Cooper & Kleinschmidt, 1985; Das, 1994; Hoang, 1998), together with export profitability (Axinn et al., 1996) or in some other combination with these and other measures (Beamish et al., 1999; Fenwick & Amine, 1979; Holzmuller & Stottinger, 1996; Lee & Yang, 1990; Louter et al., 1991; Reid, 1986; Samiee & Walters, 1990; Shoham & Kropp, 1998; Wood & Robertson, 1997). The measures in which export intensity is consistently a part are principally objective, indeed its use with wholly subjective measures is rare (Shoham & Kropp, 1998).

The appropriateness of export intensity and other objective measures to gauge export performance has been subject to conflicting views. Axinn (1988) uses export intensity as the sole measure of export performance “because it provides a good indication of both how deeply a firm is involved in exporting, and how successful the firm is at exporting” (page 61). Stan Reid at different times argues for export intensity and for multiple measures of export performance.

He argues that export intensity is "the only measure that can objectively show firm's reliance on export markets and a source of sales and relative growth", (Reid, 1987) (page 339) having previously used multiple measures of export performance to "capture the major underlying dimensions of export performance" (Reid, 1982) (page 25).

Several researchers argue that the export intensity ratio is misleading. Where domestic sales grow more than export sales the export intensity ratio will fall (Cooper & Kleinschmidt, 1985; Lindsay, 1999a). Others suggest that the level of export intensity of a venture does not ensure profitability (Matthyssens & Pauwels, 1996), indeed price cutting to maintain market share, and export intensity, will adversely influence profitability and long term performance (Buckley et al., 1988). Other objective performance measures have also been criticised. Financial measures like profit and export growth assume that corporate performance is the same as export performance, when it is unlikely that this is the case (Matthyssens & Pauwels, 1996). In spite of these perceived shortcomings objective measures of export performance predominate.

In contrast to the focus on objective financial measures, some researchers use subjective measures of export performance.

Measures such as attainment of strategic goals, perceived success and satisfaction have been used in combination with other measures, to operationalise export performance (Cavusgil & Zou, 1994; Fenwick & Amine, 1979; Styles, 1998; Thirkell & Dau, 1998; Zou et al., 1998). Indeed the idea of using internal perceptions of performance is not new: Fenwick and Amine (1979) suggested that measurement of a company's success in exporting should include assessment in their own terms in the 1970s.

A further approach to export performance measurement has been to use a combination of objective and subjective measures. These multiple measures, including both objective and subjective components, are seen as providing a richer assessment with increased relevance to a wider stakeholder group than purely objective or subjective measures (Fenwick & Amine, 1979; Shoham, 1998). The use of multiple indicators to measure its extent is inevitable as the multidimensional nature of export performance is better understood (Matthyssens & Pauwels, 1996).

While the use of multiple measures of export performance is enjoying increased support it faces some theoretical and practical problems. Variations in the quantum of individual elements within multiple measures across samples can result in misleading outcomes (Ramaswamy et al., 1996).

Difficulties in cross case comparisons are seen as being exacerbated by the use of a variety and combination of measures, increasing the difficulty of comparison of results between research efforts (Zou et al., 1998). Indeed, the suggestion that “measuring long-term performance relative to the expectations of all stakeholders and decision-makers involved taking into account the competitive environment” (Matthyssens & Pauwels, 1996) (page 109) would make across company comparisons impossible.

Whatever export performance measures are chosen for individual research undertakings, they must be considered in a wider research context. In addition to considering a measure of performance, frame of reference and data collection, the unit of analysis, and time are key factors in the measurement process (Matthyssens & Pauwels, 1996). The treatment of these factors in export research is illustrated in table 2.2.

Table 2.2 Contextual Factors in Export Performance Research

Study	Method	Analy. Unit	Frame of Reference	Time Frame
(Beamish et al., 1999)	Mail Survey, follow up interviews	Firm	Relative to domestic and export sales	Static
(Madsen, 1998)	Survey & Case Study	Firm	Subjective evaluation	Static
(Shoham, 1998)	Mail Survey	Firm	Objective & subjective.	Static
(Hoang, 1998)	Mail Survey and Interviews	Firm	Relative to domestic and export sales	Static & dynamic, 5 years
(Styles, 1998)	Mail Survey	Firm	Mix of objective & subjective	Static
(Shoham & Kropp, 1998)	Mail Survey	Firm	Objective & subjective over number of items.	Mostly static
(Thirkell & Dau, 1998)	Mail Survey	Firm	Objective & subjective measures	Static
(Zou et al., 1998)	Mail Survey	Firm	Objective & subjective measures	Static
(Wood & Robertson, 1997)	Mail Survey	Firm	Objective & subjective measures	Dynamic, time unspecified
(Axinn et al., 1996)	Longitudinal Survey	Firm	Relative to domestic and export sales	Dynamic, longitudinal 7 yrs
(Holzmuller & Stottinger, 1996)	Mail Survey	Firm	Relative to domestic and export sales	Static & dynamic
(Katsikeas et al., 1996)	Interview	Firm	Subjective evaluation of firm performance	Static
(Das, 1994)	Interview	Firm	Relative to domestic and export sales	Dynamic, over 5 years
(Cavusgil & Zou, 1994)	Interview	Venture	Relative to firm goals	Dynamic, up to 5 years back
(Chetty & Hamilton, 1993b)	Case Study	Firm	Industry average	Static
(Louter et al., 1991)	Survey	Firm	Subjective evaluation	Static
(Samiee & Walters, 1990)	Mail Survey	Firm	Relative to domestic & export sales	Static
(Lee & Yang, 1990)	Field Interviews	Firm	Relative to domestic & export sales and subjectively	Static
(Axinn, 1988)	Mail Survey	Firm	Relative to domestic sales	Static
(Koh & Robicheaux, 1988)	Mail Survey	Firm	Relative profitability	Static
(Reid, 1987)	Mail Survey	Firm	Relative to domestic	Static
(Reid, 1986)	Mail Survey	Firm	Relative to domestic & export sales	Static
(Cooper & Kleinschmidt, 1985)	Interview	Firm	Relative to domestic & export sales	Static & dynamic (time unclear)
(Rosson & Ford, 1982)	Personal Interviews	Firm	Relative export sales	Static
(Fenwick & Amine, 1979)	Mail Survey and Interviews	Firm	Subjectively & relative to domestic sales	Dynamic over 3 years

In all but one of the examples the research was carried out a firm level. As has been illustrated previously, firm performance and export performance are different (Matthyssens & Pauwels, 1996) and measuring export ventures, rather than the firm, should provide a more accurate reflection of export performance (Cavusgil & Zou, 1994).

Of these studies, 61% are cross sectional, static in time, giving no indication of dynamic change in export activity. In noting the static nature of export performance research, Matthyssens & Pauwels (1996) state that “Ideally, export performance measurement incorporates a dynamic way of measuring long-term performance relative to all stakeholders” (page 109). Indeed it seems that the bulk of export research is focused on static firm situations and has some way to go before focusing on dynamics of individual ventures.

The conceptual framework and measures developed by Cavusgil and Zou (1994) was a significant step forward in search for uniformity in export performance measurement. This work addresses key concerns about previous research approaches by taking a marketing approach at the export venture level, measuring average export growth and profitability over five years, and manager’s perceptions of success of the venture. The validity of Cavusgil and Zou’s (1994) measures has been strengthened by replication in tests in the United Kingdom and Australia which confirmed their cross cultural validity (Styles, 1998). These measures of export performance represent a significant step in improving the focus of this research field.

The search for an international measure of export performance has been further focused with the development and testing of the EXPERF scale of export performance (Zou et al., 1998).

The EXPERF scale draws financial, strategic and satisfaction dimensions (each with three subheadings) to gauge export performance in individual ventures. The EXPERF scale has been tested cross-nationally in the USA and Japan, yielding results which show satisfactory stability (Diamantopoulos, 1999). The development of EXPERF and Cavusgil and Zou's (1994) multiple measurements represents significant improvement in the conceptualisation of export performance.

This section has shown how the study of export performance is preoccupied with objective measures of the concept performance. However as awareness of the multi dimensional nature of performance and a desire for more relevant results have grown, researchers have used subjective elements in multiple measures to look inside firms for understanding. The picture of export performance shown in this section is important to facilitate the reader's understanding of the thrust of export research. The discussions in this section provide a basis and direction for understanding the antecedents of superior export performance and the action of the export process as a whole in the following section.

2.3.0 Understanding Exporting as a Process

While export research may suggest that the ultimate goal of export activity is some measure of export performance, this understanding can only be appreciated in the context of the export process as a whole. In this section the search for the antecedents of superior export performance is discussed leading to the identification of conceptual models of the export process as a whole. While the grounding and nature of the export process conceptualisations discussed are different to that proposed in this thesis they provided a basis to frame this study and facilitate understanding of the dynamic export process developed in this study.

In prior export research a variety of antecedents of exemplary export performance have been identified. However their relationship in the export process is subject to ongoing debate. Key issues in this debate include the influence of firm size, the role of the environment and the influence of management in the export process. This debate, together with the diversity of exporting firms operating in disparate markets using a variety of successful trading strategies and structures, has resulted in an array of research approaches and conceptualisations of the export process.

The antecedent variables seen as influencing export performance are identified, and explored in section: 2.3.1. The influence of firm size on export performance is discussed in section: 2.3.2, while the influence of external factors on firm export performance is discussed in section 2.3.2. The role of firm management in the export process and in influencing export performance is considered in section 2.3.4. Drawing on these discussions export process conceptualisations are presented and discussed in section 2.3.5. The Chapter concludes in section 2.3.6.

2.3.1 The Antecedents of Superior Export Performance

Research to identify the variables influencing export performance has generated a plethora of diverse efforts, which have resulted in numerous different conceptualisations and findings. Within this diversity there have been a number of notable efforts to synthesise this body of research into cohesive concepts. These integrative efforts are used to discuss understanding of the antecedents of export performance.

Integrative reviews of export performance research have drawn on a wide-ranging base of research literature. Bilkey (1978) found a body of research that focused on export initiation and the exporter/non-exporter dichotomy. From this research he concluded that exporting is a developmental process which can be conceived as stages of increasing intensity. Madsen (1987) brought more focus to integration efforts by specifically reviewing export performance research. He used a strategy – structure – performance framework (Thorelli, 1977), and a good deal of subjectivity, to produce prescriptive, organisational/external environment oriented conclusions. These early integrative works set the scene for later efforts using technically specific methods.

Among later efforts the work of Aaby and Slater (1989) is the current seminal work in the integration of export performance literature. Aaby and Slater (1989) used a narrative approach in reviewing prior research to propose a strategic export model of managerially controllable variables influencing export performance. Their model identifies a balance of firm resources, competence and characteristics, and strategy, as being the key antecedents of superior export performance.

Aaby and Slater's (1989) work provided the basis for the more rigorous, "vote counting"¹, (Hedges & Olkin, 1980) approach used by Chetty and Hamilton (1993) to review past export research. Chetty and Hamilton (1993) while finding support for Aaby and Slater's (1989) strategic export model concluded that the causal relationships required better definition. Drawing on relatively more mature export performance research, between 1987 and 1997, and using vote counting methodology, Zou and Stan (1998) produced the most comprehensive of these integrative efforts to date.

Zou and Stan's (1998) review uses a framework of four classifications, internal controllable, internal uncontrollable, external controllable and external uncontrollable to present the variables identified in research.

¹ A procedure used in meta-analysis, which allows the effect size of variable to be calculated, see Hedges & Olkin (1980) for a detailed explanation.

The resource based view of the firm (Barney, 1995) is used to justify their internal classification while industrial organisation theory's suggestion that external factors influence performance underwrites the inclusion of external factors. Zou and Stan's (1998) framework is used in table 2.3 to present the variables found in past research to influence export performance.

Table 2.3 Export Research Reviews and Meta-Analyses

Internal Controllable	Internal Uncontrollable	External Controllable	External Uncontrollable
Zou & Stan (1998)			
Export planning Good export organisation Proper export strategy Product channel & price adaptability Use of market research Export commitment International orientation Positive export perceptions	International experience Well educated Firm international and business competence High technical competence		Industry instability Further factors were inconclusive
Chetty & Hamilton (1993)			
Committed Management Market planning Export policy Quality control Export exploration analysis Market knowledge Market selection Product mix & promotion Flexible pricing	Firm size Profit perceptions Technology		
Aaby & Slater (1989)			
Committed management Management perceptions Export planning Formal control systems Market selection Price objectivity Distribution & service			
Madsen (1987)			
Internalised marketing Adaptable marketing Contact with market Close to distributors Market concentration Market knowledge Management commitment	Separate export department		Export market attractiveness Psychologically close mkts Market type
Bilkey (1978)			
	Quality of Management Risk perception Mgt. interest & enthusiasm Perceived export attractiveness Mgt. foreign attitudes Firm backgrnd & traditions		Psychological distance

This collage of research findings shows that factors internal to the firm are the independent variables most commonly identified as influencing export performance. Where external factors are identified as influential by Bilkey (1978), Madsen (1987) and Zou and Stan (1998) they can only be classified as uncontrollable. Indeed, the absence of any external controllable factors reinforces Aaby and Slater's (1989) view that "The individual exporter can only to a very limited extent influence this [their] environment, and in most situations must consider the macro-parameters as given constraints" (page 7). Further, where external factors are identified as influential in the export process their uncontrollable nature suggests that firms ability to control many internal factors makes them the most important influences in the export process (Zou & Stan, 1998). Of the internal factors several are common over all four studies; these can be identified as firm characteristics, firm competence, strategy, and the nature of firm management.

Firm characteristics are identified in all the reviews, except that of Bilkey (1978), and are classified as being both controllable and uncontrollable. Characteristics are identified variously as good export organisation (Zou & Stan, 1998), committed management (Aaby & Slater, 1989), technical competence (Chetty & Hamilton, 1993b; Zou & Stan, 1998), firm's background and traditions (Bilkey, 1978), firm size (Chetty & Hamilton, 1993b) and separate export department (Madsen, 1987).

In broader terms these characteristics are conceived as subjective attitudes and perceptions (Aaby & Slater, 1989) and as objective physical and technical realities (Madsen, 1987) and are a foundation for other factors influencing export performance.

Firm competencies that influence export performance are predominantly conceived in terms of control and planning. They are specifically identified as market knowledge and research (Chetty & Hamilton, 1993b; Madsen, 1987; Zou & Stan, 1998), international and business competence (Zou & Stan, 1998), quality of management (Bilkey, 1978) and export planning (Aaby & Slater, 1989; Zou & Stan, 1998). Central to these competencies is the ability to gather and apply knowledge to develop appropriate export objectives and policies (Aaby & Slater, 1989). This thinking is similar to that of wider business research findings in which clear objectives and policies are seen as the foundation of effective strategies (Porter, 1980).

All these reviews, except that of Bilkey (1978), identify strategy as influencing export performance. Strategy is identified in terms of proper export strategy (Zou & Stan, 1998), pricing (Aaby & Slater, 1989; Chetty & Hamilton, 1993b; Zou & Stan, 1998) and market adaptation (Aaby & Slater, 1989; Chetty & Hamilton, 1993b; Madsen, 1987). Export strategy is also evident in market concepts, such as market concentration (Madsen, 1987), market selection (Aaby & Slater, 1989) and marketing mix variables (Zou & Stan, 1998).

Strategy is clearly a key factor influencing export performance. However while strategy is a significant factor, it is important to note the comments of Zou and Stan (1998) that “exporting strategy *per se* does not necessarily affect export performance” (page 345) and strategies must be appropriate to exporting circumstances.

The internal factors of firm characteristics, competence and export strategy provide a platform for the application of firm management qualities in the export process. These management dimensions are conceived variously as internationally oriented (Zou & Stan, 1998), interested and enthusiastic (Bilkey, 1978) and committed to exporting (Aaby & Slater, 1989; Chetty & Hamilton, 1993b; Madsen, 1987). Such qualities generate positive attitudes and perceptions within firms, and are noted in export performance research as having a positive influence on export performance (Bilkey, 1978; Chetty & Hamilton, 1993b; Zou & Stan, 1998). While some specific research suggests that management qualities may not significantly influence export performance (Moini, 1995), all else being equal, these features must determine relative firm export performance.

Although factors external to the exporting firm are omitted by some reviewers (Aaby & Slater, 1989; Chetty & Hamilton, 1993b), others see the environment as an important factor influencing export performance.

Indeed the environment is seen in wider business research as having a significant influence on firm performance (Porter, 1980; Venkatraman & Prescott, 1990).

Where external environmental factors are noted in the reviews they are defined in terms such as export market attractiveness (Madsen, 1987), psychic distance (Bilkey, 1978; Madsen, 1987) and industry characteristics (Zou & Stan, 1998). Interestingly the only external factors identified are classified as external uncontrollable, serving to support Aaby and Slater's (1989) contention that the external environment is beyond the control of exporters.

In addition to the clearly identified influential independent variables in the above reviews there are some that are less consistently noted and for which findings are inconclusive. Firm size is commonly mentioned (Aaby & Slater, 1989; Bilkey, 1978; Zou & Stan, 1998), but a lack of consistent conceptualisation and methodology is seen as producing inconsistent results (Zou & Stan, 1998). In some research the age of a firm and its staff is found to influence export performance but results are inconclusive (Bilkey, 1978; Zou & Stan, 1998). The attractiveness of domestic market conditions is seen as influencing export activity (Madsen, 1987; Zou & Stan, 1998), but results are not conclusive and further research is suggested (Zou & Stan, 1998).

The effect of technology on export performance is investigated in some research but relationships are not clear (Aaby & Slater, 1989) and perhaps it is the application of technology rather than the possession of it that influences export performance (Reid, 1986).

As well as the debate about the influence of some variables on export performance, there are fundamental concerns about methodological issues in export research. Firms operating in export industries are very heterogeneous and much research ignores this. Where firms operate in different countries and different markets the effects of these conditions will be different across studies (Beamish, Craig, & McLellan, 1993; Johnston & Czinkota, 1985; Walters & Samiee, 1990; Zou & Stan, 1998). Similarly, research frames commonly stretch across diverse industries; research in single industry groups has seldom been undertaken (Katsikeas & Morgan, 1994).

Although the firm is the common unit of analysis in research, there is concern that differences between firms in terms of size, relative export intensity and product range are uncontrolled (Dominguez & Sequeira, 1993; Zou & Stan, 1998). Further more market relationships and distribution channels vary between firms, producing a range of effects not reconciled in most research (Rosson & Ford, 1982). These unaccounted for confounding differences in research raise questions about the reliability and generalisability of research findings and the thinking that they generate.

The export research considered in these reviews and meta-analyses identifies a range of factors that influence export performance. Within these factors there is a focus on key antecedents of export performance as being firm characteristics, firm competencies, strategy and the nature of firm management. The concurrence in support across the reviews indicates a high degree of consensus for these key independent variables as being influential on export performance. This consensus provided important grounding for this study contributing to the development of the research question, research model and the framing for research tools.

2.3.2 Does Size Matter?

Export research findings with respect to the influence of firm size in the export process have been inconclusive. However, since the context of this study was New Zealand specialist food exporters who are small to medium enterprises, (SMEs.) an understanding of the influence of firm size on firm export was critical to the proper framing of the study. In considering the antecedents of export performance the effect of firm size is a subject of ongoing debate (Aaby & Slater, 1989; Bilkey, 1978; Bonaccorsi, 1992; Moen, 1999) and this debate warrants consideration. In this section, thinking about the relationship between firm size and export performance is presented and trends in this field are discussed.

Drawing on the theory of the firm (Cohen & Cyert, 1965) one would expect firm size to have a positive effect on export performance (Hirsch & Adar, 1974). This concept sees smaller firms as being resource disadvantaged and less likely to perform well (Dunning, 1998), while larger firms are able to direct a greater effort into exporting resulting in a positive impact on their performance (Katsikeas & Morgan, 1994).

Larger firms are more likely to be exporting than smaller firms, and smaller firms are less likely to be proactive in exporting (O'Rourke, 1985). However, these rather axiomatic suggestions that firm size is a critical factor in firm export behaviour are not always borne out by the research (Moini, 1995).

Research into the relationship between firm size and export performance has generated a diversity of results, as illustrated in table 2.4.

Table 2.4 Firm Size and Export Performance

Author	Country	Industry	Size Measure	Effect
(Moen, 1999)	Norway	Various	1-250 staff	No Effect
(Culpan, 1989)	USA	Various	1-100, 100+	Positive
(Katsikeas & Morgan, 1994)	Greece	Food exporters	staff nos./2	Positive
(Naidu & Prasad, 1994)	USA	Various	15-500 staff	No Effect
(Calof, 1994)	Canada	Various	Sales & staff Nos.	Limited Positive
(Evangelista, 1994)	Australia	Various	1-100 staff	Insignificant
(Calof, 1993)	Canada	Various	Sales/6	No Effect
(Bonaccorsi, 1992)	Italy	Various	11-20 staff	Positive
(Holzmuller & Kasper, 1991)	Austria	Various	50-1,000 staff	Indirect
(Ali & Swiercz, 1991)	USA	Various	Sales under \$5M	No Effect
(Walters & Samiee, 1990)	USA	Various	1-99 staff	Positive
(Samiee & Walters, 1990)	USA	10 Groups	1-99 staff	Positive
(Reid, 1987)	Italy	4 Groups	Not Clear	No Effect
(Christensen, da Rocha, & Gertner, 1987)	Brazil	Various	Relative sales	Positive
(Vozikis & Mescon, 1985)	USA	Not Shown	Not Shown	Positive, Varies
(O'Rourke, 1985)	USA	Various	Sales/4	Positive
(Reid, 1982)	Canada	3 Groups	100-500	Positive
(Bilkey & Tesar, 1977)	USA	Various	Not Shown	Mixed
(Hirsch & Adar, 1974)	3 Cntrs.	6 Industries	Not shown	Positive

A significant number of the studies illustrated find that firm size has a positive effect on export performance. However these positive findings have to be weighed against those findings from researchers who suggest that size has a mixed effect or no effect. Moreover, perhaps most significant in these findings is the absence of any research indicating a specifically negative effect for firm size on export performance. This diversity of research findings has generated a variety of discussions about the validity of such results.

Perhaps the most controversial issue is the conceptualisation of the size of firms. Firm size is inconsistently conceptualised, measured either in terms of employees, sales or as a combination of the two. Research measures vary significantly, for example, from 1 to 1,000 employees (Holzmuller & Kasper, 1991; Moen, 1999) or as a measure of sales relative only to the sample population (Calof, 1994; Christensen et al., 1987). This diversity of measurement clouds the debate about the influence of firm size on export performance. In addition this diversity of conceptualisation of firm size is exacerbated by the lack of generally agreed measures of firm size across nations.

Although there is debate and lack of clarity about the effect of firm size on export performance, it seems size is not a barrier *per se* to undertaking export activity (Bonaccorsi, 1992; Calof, 1993; Philp, 1998).

While small firms face barriers to exporting such as lack of management depth, financial resources and difficulty dealing with government bureaucracies (Peridis, 1992), they do have some advantages.

Small firms are often owner operated with high levels of entrepreneurial intensity driving task motivation (Keats & Bracker, 1988). They are more flexible and adapt more quickly than larger firms (Hansen, Gillespie, & Gencturk, 1994) when faced with market changes and customer demands (Ali & Swiercz, 1991). These advantages and a focus on niche markets (Holstein & Kelly, 1992) give small firms the opportunity to overcome the barriers they face and compete with their larger competitors.

There is growing support for the proposition that barriers presented by small firm size are mitigated by recent international trends. The changing international environment sees firm executive's horizons expanding through increased exposure to international business (Oviatt & McDougall, 1994), and growing customer demand for specialised and customised niche market products (Knight & Cavusgil, 1996).

Rapid advances in process technology has improved the ability of small firms to compete against high volume producers (Jones-Evans, 1998; Knight & Cavusgil, 1996), while advances in communication technology have removed an advantage enjoyed in the past by larger firms with internalised international information systems (Oviatt & McDougall, 1994). These changes are instrumental in the growth in small firm exporting (Holstein & Kelly, 1992; Oviatt & McDougall, 1994; Sengenberger & Loveman, 1990).

International change facilitates the growth of “born global” high value manufacturing firms (Rennie, 1993). These firms begin exporting very soon after establishment and export a very high proportion of their product. Born global firms are easily identifiable in new industries such as computer software (Bell, 1995; Coviello & Munro, 1995), but have also been noted in a wider range of industries, such as diesel engines and vehicle components (Turnbull, 1987) and electronic and machinery components (Madsen & Servais, 1997).

The born global phenomenon is attributed to strong, experienced, founding entrepreneurs, increased internationalisation of markets and specialisation and niche orientation (Knight & Cavusgil, 1996; Madsen & Servais, 1997). Born global firms are customer oriented, seen as owning customers rather than product (Rennie, 1993) and as client followers (Bell, 1995).

This concept sees small firms as different from large firms with their small size, in some cases, seen as a competitive advantage (Jones-Evans, 1998). These very best small firms are able to be just as competitive in international markets as their much larger competitors (Moen, 1999).

Research into the influence of firm size on export performance is inconclusive, but it is clear that size is not a barrier to exporting and for some small firm's size is perceived as an advantage. Small size allows small firms to be quicker and more resilient than their larger competitors and as the relative barriers they face are eliminated size is becoming less influential. These features were evident among the New Zealand specialist food exporters who participated in this study. Indeed some firms in the sample frame specifically designed their export strategies to make the most of their small size.

2.3.3 The Environment and the Export Process

While there is debate among researchers about the role of the environment in the export process, there is no doubt that the environment influences export performance. The debate concerns the influence of the environment on firm's export strategy, with some researchers suggesting that as the environment is the same for all exporters, it should be ignored (Aaby & Slater, 1989; Chetty & Hamilton, 1993b), while others see it as an important influence on export strategy (Cavusgil & Zou, 1994; Zou & Stan, 1998). The findings of this study and this thesis suggest that the firms in the sample frame tailor their export strategy formulation, review and implementation to fit environmental reality and change. In this light consideration of the issues in respect to the role of the environment in the export process was important in framing this study and appreciating its findings. To facilitate understanding of this thesis this section considers and discusses conceptualisation of the relationship between exporting firms and their environment, and external barriers to exporting.

Drawing on the contingency theory² of micro and macro interrelationships in wider social science research (Itzkowitz, 1996) management researchers suggest the fit, coalignment, of the firm and its environment is critical to understanding firm performance (Venkatraman & Prescott, 1990; Zeithaml & Zeithaml, 1984; Zeithaml, Varadarajan, & Zeithaml, 1988).

² Contingency Theory attempts to reconcile the extreme world views of realism and nominalism, suggesting contingent relationships between micro and macro processes (Itzkowitz, 1996).

The concept of coalignment provides a basis for the firm's environment to be an influential variable in the export process (Cavusgil & Zou, 1994; Yeoh & Jeong, 1995). This relationship is conceived in a variety of ways, in terms of product characteristics (Cavusgil & Zou, 1994), through export channel structure (Yeoh & Jeong, 1995) and in terms of market relationships (Rosson & Ford, 1982). While much of this thinking sees the contingent relationship as reactive others suggest a proactive relationship where the firm manages the environment (Zeithaml & Zeithaml, 1984). While explaining the fit between exporters and their markets contingency theory does not indicate how the export process operates.

To understand export processes some researchers have considered the ongoing relationships involved between buyers and sellers (Dwyer, Schurr, & Sejo, 1987). The concept of relationships underpinning business transactions has been used to explain the detailed functioning of export operations (Coviello & Munro, 1995; Johanson & Mattsson, 1988; Styles & Ambler, 1994).

Relationships and networks of relationships are seen as an ongoing source of knowledge and as breaking down barriers to export activity (Dubini & Aldrich, 1991; Styles & Ambler, 1994; Styles & Ambler, 1996). Indeed relationship networks are seen as the foundation of long term results which should be treated as “market assets” (Johanson & Mattsson, 1988; Welch, Welch, Wilkinson, & Young, 1996).

Clearly these concepts are useful in the conceptualisation of the exporter-market interactions. While they draw on quite different streams of thought they should be treated as complementary rather than conflicting concepts (Johanson & Mattsson, 1987). The diversity of these concepts serves to confirm the diversity of relationships between exporters and their environment; however from a practical perspective many export practitioners simply view their environment in terms of barriers to their export activity.

Export barriers have two dimensions; perceived and real (Jaffe & Pasternak, 1994; Keng & Jiuan, 1989). Perceptions vary depending on the situation and level of export activity and the experience of the individual exporter (Bilkey, 1978; Bilkey & Tesar, 1977; Namiki, 1988). These exporter perceptions change as they gain experience and become familiar with their markets and the requirements of those markets (Namiki, 1988). Barriers to export activity exist in both the exporting firm’s domestic market and in the export market environment.

The influence of exporter's domestic environment, although seldom considered in export research (Morgan, 1999), is important in export decision making. Firms with a strong home market share or facing intense competition in their home market are less likely to export (Morgan, 1999). Political policies in exporters' domestic economies can create further domestic export barriers, where government assistance is inaccessible (Reid, 1983) or where high domestic currency values are maintained (Bauerschmidt, Sullivan, & Gillespie, 1985; Kedia & Chhokar, 1986).

By comparison the influence of barriers in export markets has been subject to intense scrutiny. Much of this research has focused on cultural barriers to export activity (Johanson & Vahlne, 1977; Namiki, 1988; O'Grady & Lane, 1996; Stottinger & Schlegelmilch, 1998). Johanson and Vahlne (1977) particularly note "differences in language, education, business practice, culture and industrial development" (page 24) as elements of the barrier of psychic distance in export markets.

However it is noted that export activity increases as increased knowledge and experience erode the barriers of psychic distance (Bilkey & Tesar, 1977; Johanson & Vahlne, 1990; Johanson & Vahlne, 1977). However, Johanson and Vahlne (1977; 1990) suggest that these barriers can be broken down as foreign market knowledge is accumulated, a suggestion supported by subsequent research (Chetty & Eriksson, 2002).

Further technical barriers in export markets such as high transport costs and lack of foreign distribution channels (Bauerschmidt et al., 1985; Dichtl, Koeglmayr, & Mueller, 1990; Johanson & Wiedersheim-Paul, 1975), export market specific quality standards and technical specifications (Bauerschmidt et al., 1985) and competitive pricing in export markets (Dichtl et al., 1990) not only provide real obstacles, they also heighten export risk perception among exporters (Dichtl et al., 1990).

Governments in most countries use import controls as a tool of political and economic management which present barriers to exporters. The most overt of import controls are import quotas and tariffs (Bauerschmidt et al., 1985; Dichtl et al., 1990; Johanson & Wiedersheim-Paul, 1975). Often used to placate domestic producers and workers, such as beef growers in Japan (Kerr, Klein, Hobbs, & Kagatsume, 1994), quotas fix maximum import volumes and tariffs ensure minimum prices. Less overt political barriers to exports include direct subsidies and discriminatory government purchasing policies which favour local suppliers (Naumann & Lincoln, 1991) and domestic tax incentives, export subsidies, from their home governments (Naumann & Lincoln, 1991). This significant array of barriers to export activity, influence the decisions of exporting firms and their export performance.

The theoretical explanations suggested by business and export research for the relationships between firms and their environment appear distanced from the realities of export practitioners. However, they strengthen the case for an influential role for the environment in the export process.

2.3.4 Management's Role in the Export Process

Managers in export firms were a key source of evidence for this study. In these circumstances understanding of the role of management in the success of export ventures contributed to the research design, and is important in appreciating the findings of this study. This section discusses the role of management in the export process and the management qualities that contribute to superior export performance.

Management of the firm is noted as a key factor in the success of export ventures. Aaby and Slater (1989; page 16) suggest that "It appears that management commitment and management's perceptions and attitudes towards export problems and incentives are good predictors of export success". Similarly Zou and Stan (1998; page 345) suggest that "better export performance be attributed to management's superior work, but poor performance should be blamed on management as well". In much export and other business research the role of management is conceived as an element of firm competence.

The term competence is used in business and management research to describe a range of factors within firms. Competence at a personal level describes the intrinsic skill, knowledge and characteristics of a person (Boyatzis, 1982). At a firm level managerial competence manifests itself in what managers do the application of their personal competences and is apparent in what management achieves (Martin & Staines, 1994). These elements of managerial competence are referred to as management practice (Martin & Staines, 1994).

While the role of firm management is identified in research as influencing the export process and export performance it seldom features specifically in export process conceptualisations (see table 2.5).

Those export researchers who do specifically identify firm management as an independent variable in their conceptualisation of the export process do so in terms of their, management's, attributes, their inputs, rather than in terms of what they do or what they achieve (Gemunden, 1991; Holzmuller & Kasper, 1991).

In other export research firm management features form part of more widely defined independent variables. This approach is illustrated in table 2.7 using the conceptual model of Aaby and Slater (1989) as an example.

Table 2.7 Management Features: Aaby and Slater's (1989) Export Model

Independent Variable	Management Feature Operationalisation	Other Feature Operationalisation
Competence	Export/Market knowledge Planning Management control Communication	Technology Export Policy Quality
Firm Characteristics	Management commitment Management perceptions towards: financial incentives Competition market potential distribution, delivery & service government incentives Risk Profit	Firm size
Strategy	Market selection Use of intermediaries Staffing	Product mix Product development Promotion Pricing

In the case of Aaby and Slater's (1989) conceptualisation the bulk of operationalisation of the independent variables are conceived in terms of at least some aspect of management practice.

This mixed operationalisation of variables is apparent in the conceptual models of other researchers. Cavusgil and Zou's (1994) conceptualisation of the export process includes the management practice elements, planning and management commitment, among a number of objective measures to operationalise Firm Characteristics. Thirkell and Dau (1998) add the management factors of meeting delivery deadlines and cross functional communication, among other factors, to Aaby and Slater's (1989) model in their conceptualisation of the export process.

While this disparate operationalisation of management practice across variables does not necessarily detract from the quality of any findings it does make a focus on the role of management practice in the export process more difficult. Where management practices are operationalised as part of independent variables, such as firm competence and firm characteristics, the focus appears to concentrate on manager and staff inputs rather than on their action in the export process.

Although a number of export researchers allude to management practice in their research, in network relationships (Styles & Ambler, 1994), in export channel structure (Yeoh & Jeong, 1995), as management style (Shoham & Albaum, 1995), in internationalisation (Chetty, 1999) and in terms of export barrier perception (Crick & Chaudhry, 2000) these researchers describe management practice attributes rather than action in processes or outcomes.

The importance of management in the export process and as an influential variable in export performance is not disputed. A number of important management practice functions have been identified as part of influential variables in export research. However, these have focused on the presence rather than the action of these practices. This study in endeavouring to understand the actions of management in the export process has identified the role of management as being critical in understanding export outcomes and situations, and as instrumental in ensuring responsiveness in export processes.

2.3.5 Export Process Conceptualisation

Pursuit of and understanding of the antecedents of superior export performance has generated a number of conceptualisations of the export process. These conceptualisations together with the understanding of the antecedents of export performance discussed in the preceding sections provided a basis for the development of the research model used to frame this study. The discussion presented here is intended to allow the reader to place the findings of this study in the context of past export research findings and thinking. To this end this section, considers a range of conceptual models of the export process, focusing on two important models and discusses the understanding of relationships in the export process suggested by these conceptual models.

As a tool to assist theoretical reasoning a number of export researchers have developed conceptual models of relationships between variables influencing export performance. These schematic models of the export process take a variety of approaches. Some consider only variables internal to the firm (Aaby & Slater, 1989; Katsikeas et al., 1996; Thirkell & Dau, 1998), while others consider internal and external effects (Cavusgil & Zou, 1994; Naidu & Prasad, 1994). They range from the very simplistic (Madsen, 1989) to the relatively complex (Holzmuller & Stottinger, 1996). Some propose an interaction of factors determining strategy which influences export performance (Cavusgil & Zou, 1994), while others propose individual factors directly influencing export performance (Katsikeas et al., 1996; Madsen, 1989). This diversity of conceptual models of the export process is illustrated in table 2.5.

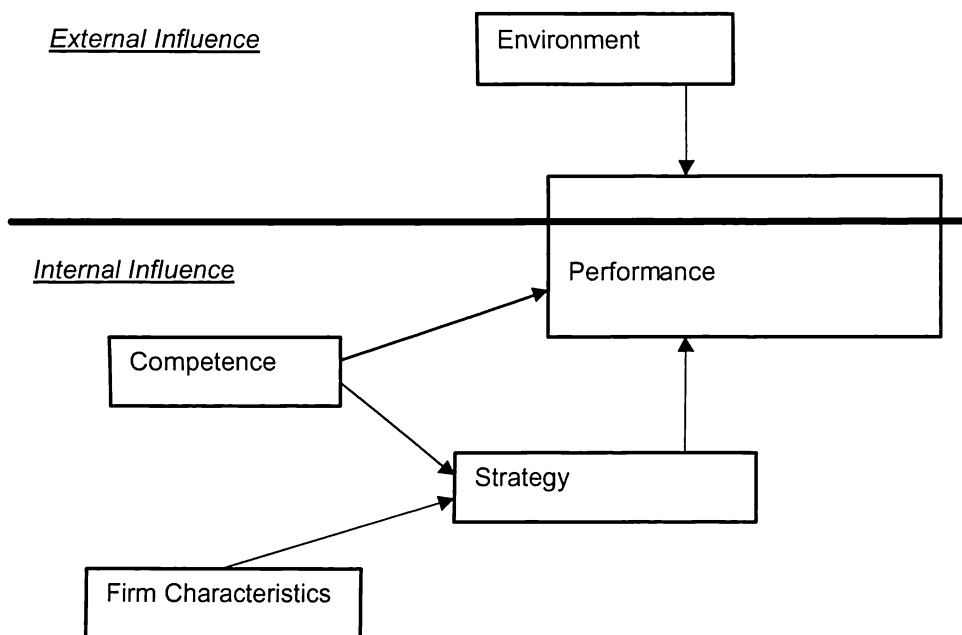
Table 2.5 Comparison of Export Process Models

	Internal Factors	External Factors	Intermediate Factors	Comments
Thirkell & Dau (1998)	Components, Marketing orientation, Firm characteristics	Environment (Shown not measured)	Strategy	Similar to Aaby & Slater
Hoang (1998)	Firm size, Intensity of involvement, International business experience	None considered	Market expansion strategy, Product breadth strategy, Promotion strategy	Strategy is the focus
Katsikeas <i>et. al.</i> (1996)	Objective firm characteristics, Export perception, Export commitment	None considered	None used	All effects direct to export performance, no apparent interrelationships
Naidu & Prasad (1994)	Resources, Mgt. Beliefs, Competencies	International Marketing Environment	Firm's Export Strategy	All effects direct to strategy, no moderation
Cavusgil & Zou (1994)	Firm characteristics, Product characteristics	Industry characteristics, Export market characteristics	Export marketing strategy	Internal & external drive strategy
Styles & Ambler (1994)	Competencies, Firm characteristics	Environment (Shown not measured)	Strategy	As Aaby & Slater
Gemunden (1991)	Home country, Mangers Firm Characteristics	Export market characteristics	Activities	Complex relationships
Louter <i>et. al.</i> (1991)	Company, Attitude	None considered	Strategy	Very simple
Holzmuller & Stottinger (1996); Holzmuller & Kasper (1991)	Objective business/manager characteristics, Org. culture, Subjective Manager characteristics	Environment (no effect on internal influences)	None used	Complex relationships
Walters & Samiee (1990)	Business position, Export commitment, export arrangements	Industry environment	Export strategy (Position not totally clear)	inc external factors but in a unique arrangement
Madsen (1989)	Firm characteristics, export marketing strategy	market characteristics	None used	Very simple, all factors a direct influence
Aaby & Slater (1989)	Competencies, Firm characteristics	Environment (Shown not measured)	Strategy	The seminal model
Cooper & Kleinschmidt (1985)	Nature of the firm	Nature of markets & industry	Firm's export strategy	Internal & external moderate strategy
Cavusgil & Nevin (1981)	Differential firm advantage, Managerial aspirations, commitment, expectations	None considered	Export marketing behaviour	Complex relationships, identified as background and intervening variables

This comparison shows an emphasis toward models which conceive internal factors or internal and external factors contributing to the development of export strategy, which in turn influences export performance. Specific consideration of two widely discussed examples of these models illustrates their differences.

Aaby and Slater's (1989) "general model for assessing export performance and variables", figure 2.1, is the classic internal factors only model. It is the most replicated model of the export process, with widespread use by other researchers (Koh, 1991; Styles & Ambler, 1994; Thirkell & Dau, 1998) to conceptualise their own research, this confirms its importance and acceptance.

Figure 2.1 Model for Assessing Export Performance and Variables



From Aaby and Slater (1989)

Aaby and Slater's (1989) model draws on their narrative review of export research to use three of the variables commonly identified in export research, firm characteristics, competence and strategy, which interact to influence export performance.

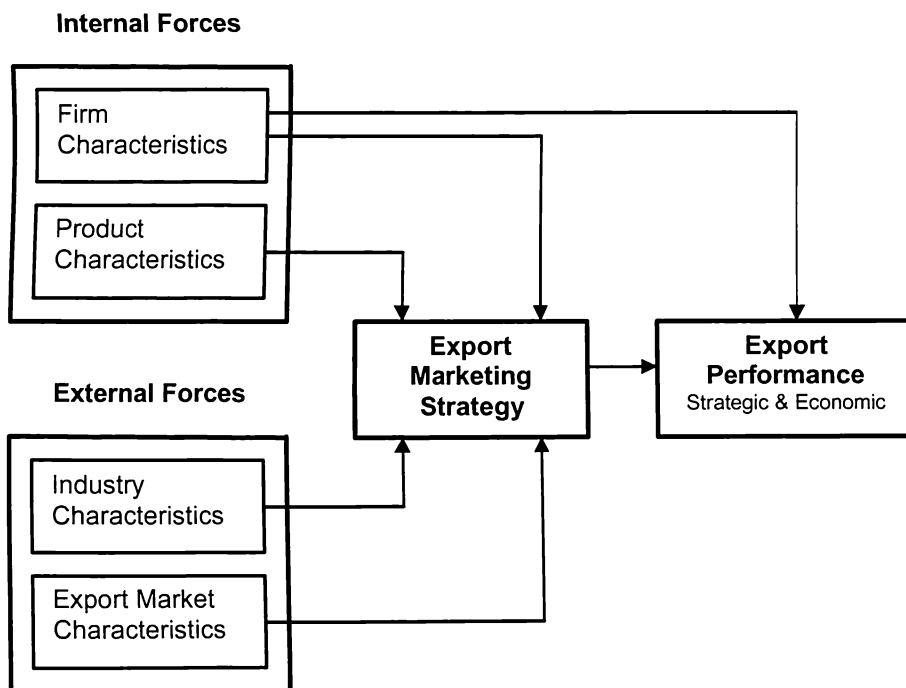
Strategy is seen as a product of firm characteristics and competence with the resulting export strategies, and a measure of competence in execution, influencing export performance. A fourth independent variable, environment, also influences performance, as discussed above, but is not visualised as moderating the influence of internal factors in the schematic model. Although the model shows variables acting together, it is static and unidirectional, not showing, for example how strategy may influence or require a change in firm competence or characteristics. In the published model the authors show a number of operational headings for the internal constructs and performance, but there is no indication of any relative loading for any of the effects indicated. In operation this model, while providing a sound framework, requires a good deal of user conceptualisation to be effective in a research context.

A focus on internal factors as antecedent variables influencing export performance is a feature of a number of other conceptual models. Some of these models also see internal firm features driving export performance through strategy formulation (Cavusgil & Nevin, 1981; Hoang, 1998), while others see internal factors alone having a direct effect on export performance (Holzmuller & Kasper, 1991; Katsikeas et al., 1996). In excluding external factors from their models these researchers are not necessarily suggesting that they do not affect export performance, but that they are seen as given constraints (Aaby & Slater, 1989) beyond the influence of the firm.

While models with only internal features promote a focus on that which is controllable, some would argue (Porter, 1980; Venkatraman & Prescott, 1990; Zou & Stan, 1998) that the inclusion of external environmental factors is essential in this conceptualisation of the business process.

Cavusgil and Zou's (1994) conceptual framework of export marketing strategy and performance, figure 2.2, is an example of those conceptual models of the export process which incorporate the influence of both internal and external factors on export performance. The model shows export strategy being shaped by both internal and external forces to influence export performance.

Figure 2.2 Cavusgil and Zou's (1994) Conceptual Framework



From Cavusgil & Zou (1994)

The wider view taken in Cavusgil and Zou's (1994) model does not consider the full range of key export performance antecedents identified across research. Firm characteristics and, a less common variable, product characteristics, make up internal forces, while external forces are seen as a combination of industry and market characteristics.

The model shows strategy being shaped by the direct influence of both internal and external forces in a unidirectional relationship; export performance is in turn the product of the resulting strategy and firm characteristics. Cavusgil and Zou (1994) present the model as a framework for a marketing strategy/performance study in which they offer detailed operationalisation of the variables proposed. Given the model's underlying research purpose, one may have to question its utility as a general model of the export process however; it is illustrative of models showing the environment as a variable in the export process.

Several other models also take the approach of internal and external factors shaping export strategy and so influencing export performance (Cooper & Kleinschmidt, 1985; Naidu & Prasad, 1994; Walters & Samiee, 1990). Further models show internal and external factors acting independently to influence export performance (Holzmuller & Kasper, 1991; Holzmuller & Stottinger, 1996; Madsen, 1989).

This diversity of model configurations suggests that their usefulness in improving the focus of export process conceptualisation across export research may be questioned.

Much of the variety in models can be explained simply by the variation in causal conceptualisation among individual researchers and the diversity of their research objectives. Areas of research focus specifically addressed in models include, organisational structure and culture as causal constructs (Holzmuller & Kasper, 1991; Holzmuller & Stottinger, 1996; Katsikeas et al., 1996), the effect of firm strategy (Hoang, 1998; Louter et al., 1991) and the effect of differential advantage and resources on export performance (Cavusgil & Nevin, 1981). These conceptualisations may well seek to address the whole export process but have some bias to the variables central to the thrust of the specific research being undertaken.

In addition to the diversity of objectives underlying the conceptualisation of these export process models their theoretical basis must be questioned. Rather than being developed from specific research seeking to understand the export process most conceptual models of the export process are drawn from the diverse findings of research with specific objectives. Aaby and Slater's (1989) model, for example, was developed from their review of past export performance research and Cavusgil and Zou's (1994) model was developed with a specific research objective in mind.

Notwithstanding this reservation where research has specifically sought to understand the export process (Lindsay, 1998; Lindsay, 1999b) similar influential variables and relationships to those drawn from reviews of past research have been identified.

While there may be similarities between conceptual models of the export process, the consensus in considering antecedents of export performance is not present across these conceptualisations of the causal relationships in the export process. In addition, conceptual models are static and unidirectional often developed from research focusing on a single incident of export performance rather than addressing the action in ongoing export activity or of the possibility that export strategy may require change to firm characteristics or competence. Indeed, these shortcomings are not consistent with strategic thinking which suggests that strategy is a change process (Johnson & Scholes, 1993). In consideration of these issues present conceptual models can only be seen as partially addressing the export process. This study in focusing on the action of the export process and seeking understanding of exporting as a dynamic process produces findings which go some way to addressing these concerns.

2.3.6 Conclusions

The reviews of export performance research discussed above indicate a good measure of consensus about the key factors influencing export performance.

The independent variables, firm characteristics, firm competence, the nature of firm management and strategy are consistently identified as important factors influencing export performance. Outside these key variables there is doubt and debate about the effect of other factors on export performance.

While the export environment is identified as an influential variable by many export researchers, there is debate about how its influence should be accounted for in research. Among other variables that may influence export performance, the question of the effect of firm size is often discussed.

Research into small firm exporting is inconclusive but it appears that firm size is not a barrier to participation in exporting; indeed opportunities to participate in export activity are increasing as changes in markets and technology facilitate access and create demand for niche products.

Drawing on understanding of the antecedents of superior export performance, export researchers have postulated a number of schematic models of the export process. These models have focused on export performance as an end in itself, resulting in static unidirectional process conceptualisations.

While these models may reflect the specific research objectives from which

they are derived, they do not reflect the dynamic process that export activity is.

While there is a measure of consensus across research into the antecedents of export performance, export researchers propose a diverse range of export process conceptualisations. Rather than building on the variables identified as influencing export performance, researchers conceive the export process selectively to address a diversity of views and research objectives.

This weakness in conceptualisation of the export process is recognised by Chetty and Hamilton (1993) and Zou and Stan (1998) in their calls for better conceptualisation and definition of the causal relationships in the export process. Pursuit of a better understanding of the export process as a whole was a motivating influence in undertaking this present study.

2.4.0 Dynamic Concepts in Export Research

The export literature considered in the preceding sections suggests that the export process is static and unidirectional, however even casual observation suggests that it is dynamic. Unfortunately export research offers little understanding of the dynamic processes at play in export activity. Other than the stages model of internationalisation and suggestions that firm export activities expand through a process of innovation, dynamic concepts focus on specific elements of the exporting process. Some researchers suggest that ongoing relationships in export markets are a vehicle for growth in export activities while others suggest that the concept of market orientation may provide impetus to change in exporting firms. While these notions allude to change in export processes they do not represent dynamic conceptualisations of the export process as a whole. However, in order to frame this study and to understand its findings, consideration of these dynamic concepts was essential.

In this section consideration of the dynamics of the export process follows a number of conceptual streams. The stages model of exporting as an expansive process is explored in 2.4.1, leading to investigation of concepts for understanding the dynamic elements of the export process in 2.4.2, and conclusions are drawn in 2.4.3.

2.4.1 Exporting as an Expansive Process

The most widely considered approach to understanding exporting as a dynamic process has been at the boundary between internationalisation and exporting. This work suggests that exporting is an expansive process proceeding in stages leading to increasingly wide ranging international activities. Drawing on the principles of stages of internationalisation posited by Johanson and Wiedersheim-Paul (1975) and the knowledge and resource commitment cycle (Johanson & Vahlne, 1977), several specific models of an expansive export process have been proposed. This research identifies the export process as expanding in a series of increasingly intensive stages of activity.

These concepts of stages of export development are presented in frameworks, table 2.6, whose differences appear largely semantic (Anderson, 1993).

Table 2.6 Models of Stages of Internationalisation: Comparison

Bilkey and Tesar, 1977	Cavusgil, 1980	Czinkota 1982
Stage 1 Management not interested	Stage 1 Domestic sales only	Stage 1 Uninterested in exporting
Stage 2 Willing to fill unsolicited orders	Stage 2 Pre-export stage	Stage 2 Partially interested in exporting
Stage 3 Explores feasibility		Stage 3 Exploring exporting
Stage 4 Experimental exporting to psychologically close countries	Stage 3 Experimental exporting to psychologically close countries	Stage 4 Experimental exporter
Stage 5 The firm is an experienced exporter	Stage 4 Active exporting	Stage 5 Experienced but small exporter
Stage 6 Firm trying to export to more distant countries	Stage 5 Committed export activity	Stage 6 Experienced large exporter

These models have five or six stages with the first two or three stages addressing pre-export and export initiation activities. The latter stages, the actual export expansion process, is conceived using either geographic terms (Bilkey & Tesar, 1977), size (Czinkota, 1982) or relative export activity (Cavusgil, 1980), to define the difference between stages.

The concept of stages of export development has enjoyed a good deal of support. It is supported through replication (Ortiz-Buonafina, 1991); it has been used by other researchers as a basis for further theorising (Ford & Leonidou, 1991; Thomas & Araujo, 1985) and as a theoretical basis for specific research design (Moon & Lee, 1990; Valos & Baker, 1996).

The homogeneity of the stages models and the use of the concept by third party researchers has enhanced their popularity and strengthened their apparent validity.

In spite of this research support the stages models are subject to criticism. Perhaps the strongest critic is Anderson (1993) who suggests that the models are “axiomatic, and close to being trivially obvious”. Anderson (1993) (page 217) sees the research which underpins the models as flawed, seeking to verify assumed relationships rather than testing those relationships and, in the absence of falsification (Popper, 1965), suggests that they must be treated as inherently weak. Further criticism comes from Reid (1983) who attacks the use of export sales intensity as a basis for grounding the stages models of export development, offering export transaction cost as an alternative explanation of export expansion. In relying on a Swedish case study across four cases (Johanson & Wiedersheim-Paul, 1975) and two US surveys (Bilkey & Tesar, 1977; Czinkota & Johnson, 1981) as their empirical basis and in the absence of significant subsequent replication, the stages models can only have their validity increasingly questioned.

In addition to theoretical and methodological arguments that contradict the stages approach to export expansion there have been a number of research findings that oppose the stages of export development approach.

Some researchers could find no evidence of stages of export expansion (Cannon & Willis, 1981; Hedlund & Kverneland, 1985; Samiee & Walters, 1991; Sullivan & Bauerschmidt, 1988) while others have found evidence of alternative forms of export development (Bell, 1995; Coviello & Munro, 1995; Turnbull, 1987).

Hedlund and Kverneland (1985) found the activities of Swedish firms in Japan took the form of rapid direct expansion rather than a gradual staged process. In researching the activities of small firms Cannon and Willis (1981) found no consistent pattern of export development, a finding consistent with that of Samiee and Walters (1991) who found no regular pattern of export development among a wide range of exporters. Samiee and Walters (1991) suggest that the export development pattern of firms will depend on their individual context, seeing them as regular or sporadic depending on that context.

Turnbull (1987) found, in researching UK exporters, that their process of export development was largely determined by their circumstances and strategy rather than by any predetermined series of stages. This view of firm export strategy, rather than some staged framework, as the key determinant of export expansion is further supported by Coviello and Munro's (1995) investigation of high technology firms.

Bell's (1995) finding of "client followership" and network relations as a driver of export expansion provides an alternative conceptualisation of the export development process, which is contrary to that of the stages models. These alternative explanations and descriptions of export expansion not only undermine the stages theory but indicate a diversity of descriptions for the export development process.

In the face of these negative findings and alternative descriptions of the export development process the relevance of the stages model as a general model of the export process must be questioned. But, despite these alternative views it appears that exporting is for many firms an expansive process in which relationships are an important influence (Bell, 1995; Chetty & Eriksson, 2002). However, while the export development path of some firms may occur in stages this concept lacks explanatory power, making no attempt of show why or how firms move through the stages or what time frame may be involved (Anderson, 1993). The absence of any consistent support for the concept of export expansion in stages of internationalisation or for any other comprehensive explanation for changes in export activities leads one to search for dynamic notions among less comprehensive thinking in export research.

2.4.2 Dynamic Export Process Concepts

Other than the stages internationalisation models there is little widely noted thinking that endeavours to describe export process dynamics or expansion. However, there are a number of concepts which provide some understanding of the dynamics in elements of the export process. Among these ideas some scholars see export expansion as a cycle of learning and resource commitment, others as a process of innovation or in terms of relational networks and the notion of market orientation.

Drawing on research into the internationalisation process of the firm Johanson and Vahlne (1977) propose that increasing resource commitment to foreign markets takes place as improved knowledge allows market barriers to be overcome. These mechanisms and their action have been found to be valid in subsequent research (Chetty & Eriksson, 2002). The concept of psychic distance, national differences of language, business practice and culture, is used to conceptualise market barriers that increased knowledge will help overcome. Testing of the learning resource commitment cycle has dwelt on the role of psychic distance in the process of export expansion; with for example psychic distance suggested as a reason for New Zealand companies electing to focus their overseas operations in Australia a psychologically close market (Akoorie & Enderwick, 1992).

However, research has found that the psychic difference between even apparently close countries, Canada and the USA for example, is significant (O'Grady & Lane, 1996) a paradox that serves to reinforce the concept of barriers of psychic distance between patently different countries.

Other researchers have found psychic distance to be a less significant barrier to export expansion. Bell (1995) found firms to be reactive and opportunistic in exporting and not constrained by barriers of language or culture. It is further suggested that the concept of psychic distance as a barrier to trade is increasingly "past its due-date" (Stottinger & Schlegelmilch, 1998) as world markets become more homogeneous. However, the positive role of knowledge as an influential variable in the export process is well documented (Carlson, 1975; Koh, 1991; Reid, 1986; Thirkell & Dau, 1998). Furthermore, while it may influence export performance, improved market knowledge has not been found to be the sole driver of the export process and can only explain a part of the process (Shoham & Albaum, 1995; Stottinger & Schlegelmilch, 1998).

A further view proposed by a number of researchers for the expansion of export activities is the process of innovation. Drawing on the work of Rogers (Rogers, 1962) innovation has been examined as a key influence in the initiation of export activity (Simmonds & Smith, 1968; Thomas & Araujo, 1985).

Innovative behaviour by decision makers, change agents and within firms as a variable influencing export performance is a thread in some export performance research (Lee & Brasch, 1978; Reid, 1981; Samiee, Walters, & Du Bois, 1993; Thomas & Araujo, 1985).

More specifically it is suggested that innovative behaviour rather than innovation *per se* drives export performance (Samiee et al., 1993). Indeed it is suggested that it is how a firm uses ideas rather than the possession of those ideas that leads to competitive advantage (Reid, 1986). However, these findings are subject to criticisms on methodological grounds (Anderson, 1993). Anderson (1993) questions the explanatory value of the cross sectional methods used in investigating the effect of innovation in export expansion, suggesting that longitudinal research designs should be used.

While innovation is seen as a factor in export initiation its role in sustaining and expanding export activity is less clear. Innovation is seen as being driven by specific individuals within firms (Rogers, 1962) rather than being part of wider firm competence and characteristics suggesting that it can not be considered a model for the dynamics of the export process, for that a wider view is necessary.

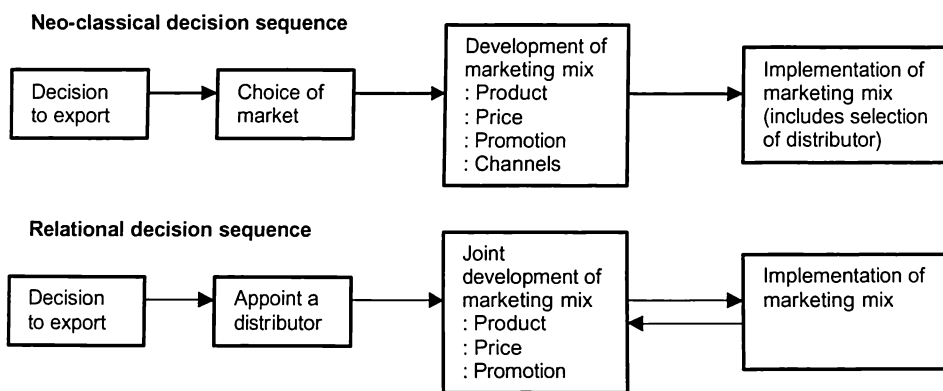
The idea of relationships as a dynamic force in exporting builds on the concept of markets as a series of value laden relationships with those relationships ongoing rather than discrete (Dwyer et al., 1987). These concepts underpin the notion of exporting as a “relational paradigm” (Styles & Ambler, 1994) in which the buyer seller relationship, rather than the traditional marketing mix/strategy rationale, are seen as underpinning the export development process. This view sees buyer seller relationships as market assets resulting from investment in relationships (Johanson & Mattsson, 1988).

Proponents of a relational approach to the export development process suggest that the research emphasis, on traditional firm and market variables, should change to relational variables such as relationship formation, development and commitment (Styles & Ambler, 1996). It is argued that there is a strong relationship between the characteristics of firm peer groups and the probability of becoming a successful exporter (Wiedersheim-Paul, Olson, & Welch, 1974). Inter-firm relationships are a “cumulative process” (Johanson & Mattsson, 1987), building social bonds that are personal rather than firm specific (Thorelli, 1986).

Building networks of relationships in markets is seen as a perpetual process (Thorelli, 1986), inconsistent over time (Ford, Hakansson, & Johanson, 1986) with new entrants and problem resolution gradually strengthening dynamic relationships. Such relationships are a feature of domestic and export markets, with relationship commitment driven by the relationship itself rather than objective choice (Hallen, Johanson, & Mohamed, 1987) and relationship strength growing with product complexity.

The notion of a relational model of export activity perceives the export process as interactive, figure: 2.3, rather than unidirectional as suggested in the export process models illustrated in figures 2.1 and 2.2.

Figure 2.3 Decision-Making Sequences in Alternative Paradigms



From Styles & Ambler (1994)

The influence of the interaction of buyer seller relationships in the export expansion process can be increasingly observed in firms engaged in high technology activities (Bell, 1995; Coviello & Munro, 1995).

These firms take advantage of technology driven changes to expand rapidly in international markets using approaches, such as “client followership” (Bell, 1995) where exporters follow their clients in to export markets rather than pursue a measured market/strategy driven approach. In addition, the value of relationships in export performance extending across exporting firms is something recognised by governments in their sponsorship of joint action groups as part of export promotion activities (Welch et al., 1996).

A more structured approach to the dynamic dialogue suggested in relational thinking is the notion of information gathering and dissemination of market orientation. Market orientation is described as, “the organisation wide acquisition of market intelligence pertaining to current and future needs, ... and organisation responsiveness to it”, (Kohli & Jaworski, 1990) (page 6), a process that parallels the information flows identified in this study. Market orientation literature suggests that information flows, such as export activity indicators, provide a basis for understanding and decision making in firms. In this study, in formulating and reviewing strategy and conducting tactical export activities the information from export activity indicators come together to provide substance and context for decision making.

In business research the concept of market orientation suggests that market research and market intelligence generated and shared, both formally and informally within firms, provides a basis for cohesive action within firms (Kohli & Jaworski, 1990; Narver & Slater, 1990), findings that have been replicated in export research (Akyol & Akehurst, 2003; Cadogan, Paul, Salminen, Puumalainen, & Sundqvist, 2001; Cadogan, Sundqvist, Salminen, & Puumalainen, 2002; Francis & Collins-Dodd, 2000; Thirkell & Dau, 1998). In exporting research high levels of market orientation have been found to be a determinant of superior export performance (Akyol & Akehurst, 2003; Cadogan et al., 2002; Dau, 1991; Francis & Collins-Dodd, 2000).

Past export research has considered similar information flows in terms of market orientation (Cadogan & Diamantopoulos, 1998; Diamantopoulos & Horncastle, 1997; Walters, 1996) or specifically focused on the generation (Hart & Tzokas, 1999; Souchon & Diamantopoulos, 1999) or utilisation (Bradshaw & Burridge, 2001; Diamantopoulos & Horncastle, 1997; Menon & Varadarajan, 1992) of export related information. In considering market orientation researchers have focused on the presence of appropriate information and behaviour (Cadogan & Diamantopoulos, 1998; Diamantopoulos & Horncastle, 1997; Hart, Webb, & Jones, 1994). In contrast this study has identified and sought to understand the flow and action of information.

In considering information gathering as part of the export process researchers have identified less formal information, “market intelligence”, as more important than formal information generated in third party market research (Bodur & Cavusgil, 1985; Hart et al., 1994; Hult & Ferrell, 1997). Indeed it is further suggested that informal information gathered using the firm’s own resources is particularly important in the success of small firms (Belich & Dubinsky, 1995; Lewis, Pick, & Vickerstaff, 2001). In an export context informal information is noted as being specifically important in export decision making (Belich & Dubinsky, 1995; Hart et al., 1994; Hult & Ferrell, 1997; Myers, 1997).

It seems that all these dynamic concepts - learning and resource commitment, innovation, relationships and market orientation - play a part in dynamic change in the export expansion process. While some of the concepts such as increased knowledge and innovation as drivers of export growth may be seen as axiomatic, they may well have a role to play in driving dynamic export activity.

Others such as relational networks are recognised in a range of export research as an influential variable in export activity, but identifying their presence in exporting firms provides no explanation of how their influence is applied in the export process.

While all these concepts may have a role to play in dynamic export processes, on one dynamic notion is sufficient to offer an explanation for the dynamic export process. In this light the possibility presented by each of these concepts was kept in mind when framing and conducting this study.

2.4.3 Conclusions

The concepts that have been considered as explanations for expansion and dynamics in the export process fail to provide cohesive understanding of these processes. In the case of the stages models, theoretical weaknesses have been exposed and they are isolated by alternative explanations. The further dynamic concepts discussed only provide a part of the explanation sought or their research foundation lacks depth.

The stages models of export expansion, despite popular support, are seen as theoretically and methodologically weak and are faced with a number of alternative descriptions for the process they seek to explain. The models are descriptive, deterministic and unidirectional, failing to explain dynamic change in the export process. While Johanson and Vahlne's (1977) concept of stages is useful as a research tool and has been partly elucidated in subsequent research (Chetty & Eriksson, 2002) it does not fully explain how export firms change or progress through export expansion.

Of the possible explanations for dynamics in the export process considered, none provides a broad understanding of the process; rather they focus on specific elements of the export process.

The learning resource commitment cycle while having plausible explanatory power does not address how learning takes place or how it contributes to expansion or dynamics in the export process. The concept of innovation may explain isolated expansive or dynamic events in the export process but suggests that this is driven by specific individuals rather than being part of the ongoing process. The concepts of relational networks and market orientation while having good explanatory power, describe the vehicles and setting for information flows not the actions of those flows in the export process.

These possible conceptual explanations are diverse as are the alternative modes of the export dynamics and expansion. Indeed, it seems that the process of export expansion may be as much a product of the characteristics and circumstances of individual firms as it is of common underlying firm features or action. This study was undertaken to seek a clearer understanding of expansion and change in the export process.

2.5.0 Research issues and Discussion

The preceding consideration of export research literature describes the academic setting within which this study was framed. While much of the understanding of the export process that can be drawn from this literature is subject to debate, the research direction is clear and there is consistent understanding in some areas. This section considers and discusses key issues in past research thinking as they relate to understanding exporting as a dynamic process. This consideration and discussion identifies the gap in understanding that this study addresses and the research thinking that provided the basis for framing this study.

This review of export research literature and thinking indicates that its principal objective is to understand those qualities and actions that influence the achievement of superior export performance. In these efforts a widely accepted understanding of the concept of export performance has not been achieved. Although there is a lack of consensus in defining export performance, there is consistent understanding of the variables that make up the export process and contribute to exemplary export performance.

The most commonly identified antecedents of superior export performance are firm characteristics, strategy and the nature of firm management. In addition, while uncontrollable, the firm's export environment is seen as influencing export performance; an influence that some researchers suggest moderates firm export strategy and, in turn, export performance. The consensus apparent among export researchers as to the antecedents of export performance is not apparent in conceptualisations of their arrangement and relationships in the export process.

Conceptual models of the export process are as diverse as the research objectives that have generated them. Models are static and unidirectional, predominantly suggesting that independent variables come together through strategy to achieve export performance. These conceptualisations give a narrow view of the export process suggesting that the achievement of objective measures of export performance is the sole goal of the export process.

These narrow unidirectional conceptualisations of the export process fail to provide an understanding of the dynamics at play in export activities. Even where research has suggested dynamic export processes these have failed to provide comprehensive understanding.

The stages models of export expansion are simply descriptive static cross sections which fail to explain what is involved in transition between stages. Among other dynamic concepts those of a relational paradigm and market orientation offer perhaps the strongest explanation offered for expansion or dynamics in the export process.

These concepts are activities of firm management as an antecedent of superior export performance. This suggests that the relationships that firm management have may drive change in firm's export activities. Furthermore, the concept of market orientation suggests that the quality and volume of information flows from markets and through firm decision making processes influences firm export performance.

In addition to looking at export research that focuses specifically on dynamic elements to understand change in the export process the suggestion that management perceptions influence export performance is illuminating. Some researchers suggest that management's broad perceptions influence export performance (Aaby & Slater, 1989; Zou & Stan, 1998), while others refer to perceptions of profitability (Axinn, 1988; Bilkey, 1978) or market barriers (Leonidou, 1995; Namiki, 1988). More specifically Zou and Stan (1998) suggest that superior export performance can be attributed to the superior performance of management.

Also it is suggested that management perceptions may change as managers participate in export activity (Axinn, 1988; Johanson & Vahlne, 1977; Namiki, 1988). Such findings suggest that firm's export processes may be modified as management perceptions change, driving dynamic export processes.

While export thinking alludes to dynamic elements of the export process it does not suggest how these elements come together in export activities. Instead, research is dominated by a focus on static unidirectional searches for understanding of superior export performance. This study in seeking to understand a dynamic export process endeavours to fill this gap in present export thinking.

Chapter 3 Research Conceptualisation

3.1.0 Introduction

This chapter describes the conceptual framework used in this study. Firstly, the research question that the study sought to address is proposed. Building on the research question the conceptualisation of the export process that provided a framework for the research process is presented as a schematic model and discussed. The theoretical grounding for the research question and the research model are explained and discussed. This material appraises the reader of the study's place in export research, facilitating understanding of the findings.

The research question is posed and discussed in section 3.2.0. The research model and its conceptualisation are presented and discussed in section 3.3.0 and the theoretical grounding for the research question and the research model is considered in section 3.4.0. The chapter concludes in section 3.5.0 by reviewing the preceding discussion and considering the limitations of the conceptualisation.

3.2.0 Research Question

Consideration of export research literature identified a variety of possible explanations for dynamic change in the export process. Among these the role of management perceptions were identified as a feature in the export process that change over time. It is further suggested that management perceptions of export performance and situations and change in these factors may in turn influence future export performance. This thinking about management perceptions provided a basis for the research question:

”In which ways does export performance influence the export strategy process?”

The thrust of export research sees export performance as the objective of the export process; however this question suggests that this performance is not the end of the process but that it influences future export activity. The question suggests that the achievement of export performance provides information which changes management perceptions, which in turn influences future export strategy.

This question challenges present export process conceptualisations. While present conceptualizations have extended understanding of the export process they have created cross sectional, unidirectional images of the export process which fail to show how exporters manage their activities in the face of change. That is: how they come to understand the results of their export strategies, how they learn of political and economic turbulence in their environments, or how they adjust their activities to account for these changes.

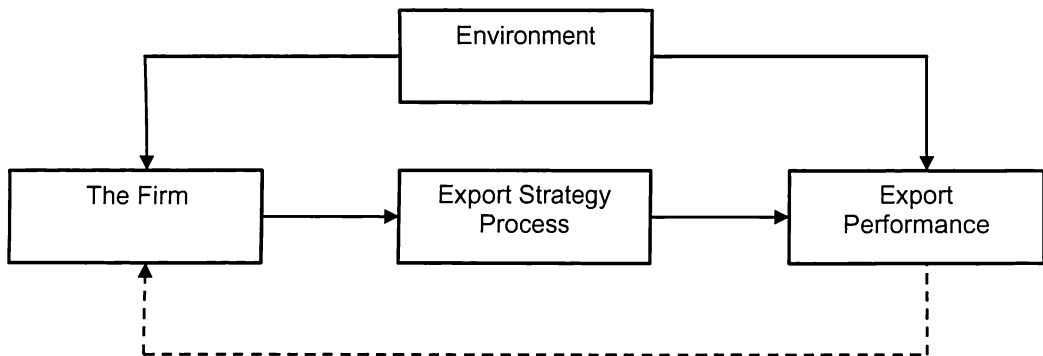
Although some researchers have identified dynamic change in the export activities, they have failed to link this change to their conceptualisation of the export process. The concepts of increasing commitment to foreign markets as the barriers of psychic distance are overcome (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975), stages of export development (Bilkey & Tesar, 1977; Cavusgil, 1980; Czinkota, 1982), innovation as a change agent (Simmonds & Smith, 1968; Thomas & Araujo, 1985) and relationships in export growth (Styles & Ambler, 1994) all seek to explain dynamics in the export process but fail to link these explanations into the export process. However, these concepts identify exporting as a dynamic process and suggest that the accumulation of knowledge and experience is a key driver of ongoing export activity.

In posing this research question it is assumed that information about export performance is an important influence in the ongoing activity of export strategy formulation and implementation. This assumption draws on the suggestion in export research that managerial knowledge and experience is influential in the expansion of export activity (Aaby & Slater, 1989; Leonidou, Katsikeas, & Piercy, 1998; Zou & Stan, 1998) and strategic thinking in which the effectiveness of past strategy is a key indicator in the ongoing process of strategy re-evaluation (Ansoff, 1988; Johnson & Scholes, 1993). In order to further consider the research question a conceptual model of the export process, which considered the possible relationships between export performance and ongoing exporting, was postulated.

3.3.0 Research Model Conceptualisation

Drawing on the antecedents of export performance identified in export research and ideas about their arrangement in the export process, a research model with which to frame this study was postulated. This conceptualisation of the export process employed a conventional unidirectional concept of the export process into which a dynamic relationship, between export performance and the firm, is introduced. The conceptualisation is shown schematically as a model of the export process in figure 3.1.

Figure 3.1 Conceptual Research Model of the Export Process



The unidirectional element of the model, in common with past conceptualisations, shows a sequence of environmental factors (environment), internal firm factors (the firm) and strategy (the export strategy process) influencing export performance.

In this arrangement, the construct export strategy process is conceived as the firm's response in balancing the firm's qualities and products to best fit the environmental opportunities in the pursuit of export performance. In this conceptualisation the environment influences the export process through the firm's perceptions of its properties. These perceptions of the environment together with the nature of the firm contribute through export strategy to export performance. While the nature of these constructs may be different across firms, past research suggests that their relationship will be similar within firms (Aaby & Slater, 1989; Chetty & Hamilton, 1993b; Zou & Stan, 1998).

The dynamic element of the model suggests that the experience or knowledge of past export performance adds to, or changes, the stock of perceptions or attributes of the firm. It is anticipated that the concept of export performance will vary across firms depending on the expectations and perceptions of management. The model further suggests that change in firm perceptions or attributes will lead to change in the export strategy process and in turn change export performance. Understanding this cycle of dynamic activity is the objective of this study.

3.4.0 Conceptual Grounding

Both the unidirectional and dynamic elements of the conceptual research model have their basis in past theory and export research findings. The suggestion that performance results from firm strategy's reconciliation of firm and environmental qualities abounds in business thinking and the notion of past performance moderating ongoing business activity is a thread in strategic literature and practice. The general business thinking and findings of export research that provided the basis for development of the research model are discussed below.

The inclusion of the environment in this conceptualisation of the export process draws on Contingency Theory's postulation of an interrelationship between the micro and the macro environments and its argument for a balance between these elements in all activities (Iitzkowitz, 1996). More specifically, the notion of a joint influence of the external environment and the nature of the firm on export strategy is in keeping with the notion of "coalignment" which sees the fit between the firm and its environment as critical to understanding performance (Venkatraman & Prescott, 1990). These principles lead to an expectation that both the internal and external environments of the firm will be influential in the export process.

Thinking in the field of strategic planning further supports the concept of the external environment as being influential in business processes. Strategic management theorists suggest analysis of the firm's external environment and internal firm factors as the basis for creating initial strategic plans (Ansoff, 1979; Argenti, 1992; Johnson & Scholes, 1993; Mintzberg, 1994). Indeed, in an international context, the international environment is seen as an important element in the development of export and international business strategies (Enderwick & Akoorie, 1996). This notion of the environment as being influential in business processes and on performance in wider business thinking has also been identified in export research.

Specific export research finds that various external factors, such as export market competitiveness (Cavusgil & Zou, 1994), industry characteristics (Cavusgil & Zou, 1994; Holzmuller & Stottinger, 1996), buyer seller relationships (Coviello & Munro, 1995; Johanson & Mattsson, 1988; Styles & Ambler, 1994) and government involvement (Bauerschmidt et al., 1985; Reid, 1983) influence export performance. While some researchers identify specific environmental influences on export performance others suggest it be treated as a "given constraint" rather than being considered influential within the export process (Aaby & Slater, 1989).

Although there is a diversity of conceptualizations for the construct environment and its influence in the export process, its importance in export and other business processes is widely supported.

Unlike a number of other conceptualisations of the export process, which see the construct environment directly influencing the export strategy process (Cavusgil & Zou, 1994; Naidu & Prasad, 1994), the research model suggests that the environment influences the strategy process through the firm. This view is based on research findings, which theorize that management's perceptions of their environment influences export performance (Aaby & Slater, 1989; Zou & Stan, 1998). These environmental influences are conceived in a variety of ways, as perceptions of barriers (Bauerschmidt et al., 1985; Zou & Stan, 1998), knowledge and experience of international conditions (Cavusgil & Zou, 1994; Sullivan & Bauerschmidt, 1990) and the complexity of external factors (Axinn, 1988). These findings suggest that it is perceptions of the external environment, rather than the environment itself, which influence the export strategy process and provide support for the relationship suggested in this conceptualisation.

While perception of the environment may shape the firm and its export strategy process, the realities of the environment provide the stage for the achievement of export performance.

Although a wide range of environmental factors have been identified as influencing organisations and their strategy (Johnson & Scholes, 1993) the direct influence of the environment on export performance has received relatively little research attention (Zou & Stan, 1998). Where researchers have specifically considered this direct relationship they have found that industry characteristics (Cavusgil & Zou, 1994; Holzmuller & Kasper, 1991; Holzmuller & Stottinger, 1996), export market characteristics (Cavusgil & Zou, 1994; Madsen, 1987) and domestic market characteristics (Katsikeas et al., 1996; Madsen, 1989) influence export performance. These findings provide a basis for the suggestion in the research model that the environment directly influences export performance.

The principles of Contingency Theory and strategic planning theory suggest that environmental factors will be influential on both the export strategy process and export performance. Specific export research findings provide further support for the role of the environment in the export process and provide a basis for its relative position in this conceptual model of the export process. These theories and prior research findings provide the basis for the inclusion and relationships of the construct environment in the conceptualisation.

Just as contingency theory supports the inclusion of the environment in this conceptualisation it suggests that some representation of the firm, the micro organisation, be included. Indeed the notion of the firm is elementary to thinking about business activities. The inclusion of a construct to represent the firm in this conceptualization is also in keeping with transaction cost theory which sees the firm as a fundamental unit within industries and across economic systems (Coase, 1937). More specifically in strategic thinking the concept of matching the firm, its resources and characteristics, with its strategy abounds, indeed the firm, or a unit of the firm, is the core vehicle for the application of strategy (Ansoff, 1979; Johnson & Scholes, 1993; Mintzberg, 1994; Porter, 1980). While the concept of the firm is fundamental in business and strategic thinking, in export research this construct is seen in a variety of ways.

Constructs representing the firm in export research include firm characteristics (Cavusgil & Zou, 1994; Katsikeas et al., 1996; Madsen, 1989), manager attributes (Cavusgil & Nevin, 1981; Holzmuller & Kasper, 1991; Holzmuller & Stottinger, 1996), competence and characteristics (Gemunden, 1991) and separate competence and characteristics constructs (Aaby & Slater, 1989). Although these concepts are diverse they all seek to imagine an aspect of the firm and all have been found to influence export performance.

While a variety of perceptions of the firm can be identified, the concept of the firm is consistently part of both wider business theory and specific export process conceptualizations.

In export research the conceptual model of Aaby and Slater (1988), figure 2.2, sees the firm, conceived as competence and firm characteristics, as influencing strategy in the export process. This configuration has subsequently been confirmed in meta-analysis (Chetty & Hamilton, 1993b) and used as a basis for further research conceptualisation (Koh, 1991; Thirkell & Dau, 1998). Indeed the firm in export process conceptualisations is consistently conceived as a key stock construct contributing to the export strategy process (see table 2.6). In this form of relationship “export marketing strategy is the means by which a firm responds to the interplay of internal and external forces to meet the objective of the exporting venture” (Cavusgil & Zou, 1994) (page 4). In positioning the firm before the export strategy process this conceptualisation is in keeping with past export research findings.

The concept of the firm is fundamental to business theory and it is seen as providing the stock of resources required for trading activity. These firm resources are seen as being deployed in business activity in a strategy process, which follows sequentially from the firm.

Findings in export research are consistent with those in other areas of business research and together this theory provides a basis for the firm's inclusion and its place in the research model for this study.

As the preceding discussion suggests, the concept of strategy can be used to describe the functioning of the business process. In this conceptualisation the inclusion of the construct strategy has its basis in strategic thinking, which sees the strategy process as a series of incremental functions including; information gathering, goal setting, analysis, planning, execution and evaluation (Ansoff, 1979; Johnson & Scholes, 1993; Porter, 1980). For the most part this process is seen in terms of two distinct sequential elements, strategy formulation and strategy implementation (Ansoff, 1979; Johnson & Scholes, 1993). Even critics of this sequential conceptualisation, who see the process as rather more haphazard, acknowledge the distinction between strategy formulation and implementation functions (Ansoff, 1988; Mintzberg, 1994). In addition to being recognised in business literature, the influence of export strategy on export performance has been specifically identified in export research.

With few exceptions past conceptualisations of the export process have included strategy in one form or another (see table 2.6). These conceptualisations predominantly see the construct strategy as the means by which the exporting firm features are deployed in the export environment to achieve export performance. Whether conceived simply as strategy (Aaby & Slater, 1989; Louter et al., 1991; Styles & Ambler, 1994; Thirkell & Dau, 1998) or product strategies (Cavusgil & Zou, 1994), or market selection (Cooper & Kleinschmidt, 1985), or export marketing policy (Madsen, 1989) or marketing strategy (Louter et al., 1991), strategy is found to influence export performance. However while much export research sees planning as “a very powerful discriminator between successful exporters and non-exporters” (Aaby & Slater, 1989) (page 19) others suggest that the presence of strategy is merely associated with export performance (Cooper & Kleinschmidt, 1985; Naidu & Prasad, 1994).

For the most part export research specifically identifies strategy, in terms of planning, as influential in the export process. However the suggestion of Cavusgil and Zou (1994) that “the performance of an export venture is determined by export marketing strategies and management’s capacity to implement the strategies” (page 7) and Cooper and Kleinschmidt’s (1985) finding that “export strategy selection and implementation becomes a critical ingredient in export success” (page 53) identifies the importance of strategy implementation in the export process.

These findings are supported by the work of Lindsay (1998; 1999) who in longitudinal research specifically seeking to understand the export process found the variable export strategy implementation to be important over time in influencing export performance.

While the construct strategy is conceived in a variety of ways and its definition and importance are subject to debate it provides a vehicle to conceive the business process. In both strategic thinking and export specific research findings strategy is seen as an important influence on performance. The concept of strategy in wider business thinking and specific export research findings provides the basis for the inclusion of export strategy as a construct in this conceptualisation of the export process.

Conceptualisations and models in export research predominantly see some measure of accomplishment as their ultimate construct, the objective of the export process. While this construct, the export objective, is described using a variety of terms, export success (Bijmolt & Zwart, 1994; Das, 1994; Enderwick & Akoorie, 1994), successful exporting (Cunningham & Spigel, 1971) and financial performance (Begley & Boyd, 1986), the most common term used for it is export performance.

This use of the term export performance over time, from the 1970's (Fenwick & Amine, 1979) to more recently (Beamish et al., 1999; Diamantopoulos, 1999), in spite of debate about its definition (see section 2.2) has been consistent.

The basis for this use and location of export performance in the Conceptual Research Model of the Export Process is its consistent use in prior research, the need to demonstrate an outcome from the export process and its past positioning in export process conceptualisations as a product of strategy in the environment.

The unidirectional part of this conceptualisation of the export process, with its basis in wider business theory and prior export research findings, is similar to previous conceptualisations. The only significant departure from other export conceptualisation is in regard to the point of influence of the environment within the export process. This premise, environmental influence through the firm, has its basis in past research findings. While this unidirectional element of the conceptualisation lacks contention the concept of export performance influencing the future export process is at the boundary of present thinking.

As the conceptual model suggests, export performance is the objective of the export process and its relative value is the result of the execution of export strategy in the export environment. In practice the value or quality of export performance can be expected to vary depending on change in the environment or the appropriateness of the export strategy process.

The research question draws on these suggestions to propose that where there are variations in export performance they will influence the ongoing export process, a contention that is supported in both the strategy literature and prior export research findings.

Change in the environment is a constant, indeed it is suggested that the pace of change in society is continuous and exponential (Toffler, 1970).

Furthermore, the nature of environmental change means that the future is not an extrapolation on the past but is discontinuous (Ansoff, 1988). In the face of such change the activities of firms require ongoing adjustment and revision if their operations are to continue to be effective. This need is recognised by strategic theorists who suggest that part of the strategy process in firms should include identification and monitoring of performance indicators, which relate to the firm's strategic objectives (Johnson & Scholes, 1993) trends in market position, profitability and other performance indicators to provide a basis for this strategic review process (Ansoff, 1988).

Of course, variations in performance indicators may result from a number of causes including environmental change or the appropriateness of the strategy to address the environment and firm objectives, but whatever the cause of performance deviation, its recognition and management is important in sustaining competitive trading. While strategic thinking identifies the need for and the nature of mechanisms to monitor firm performance it does not clearly indicate how this process changes firm strategy. Indeed strategic thinking may lead one to understand that these indicators directly influence the strategy process; however findings in export research suggest that variations in export performance influence management perceptions and those perceptions in turn influence the exporting firm's export strategy process.

Management perceptions of the potential and advantages of exporting have been found to be associated with export performance. In export initiation management perceptions of risks, costs and potential has a strong association with export activity (Leonidou et al., 1998). In ongoing exporting management's perceptions of the advantages of exporting including, profits, growth and potential are among the most important determinants of successful export performance (Aaby & Slater, 1989; Axinn, 1988; Naidu & Prasad, 1994). Indeed management perceptions may be a two edged sword, while perceptions of the advantages of exporting are indicative of future export success negative perceptions of export performance may result in poor export performance (Zou & Stan, 1998).

This conceptualisation of the export process anticipates that management's perceptions of export performance are derived from their experience of export execution and their understanding of their firm's relative export results. As this experience and understanding is accumulated it increases the stock of knowledge and skill within the firm. The conceptualisation of the research model suggests that experience and understanding of export performance contributes to the firm's stock of resources, generating change in the formulation and implementation of export strategy.

The conceptualisation of the export process postulated by this research model has a basis in both business theory and specific export research findings. The research model provided a framework to consider the research question in the context of the export process as a whole and so advanced this study.

3.5.0 Conclusions

In this chapter the research question underlying this study and the conceptual research model of the export process used in its examination have been presented. The research question draws on the role of management perceptions identified in past export research to address a clear gap in present thinking. In the research model the constructs and their relationships that make up its unidirectional elements are supported in wider theoretical thinking and from specific export research. The dynamic relationship suggested between export performance and the firm addresses the research question. Understanding of the role of management perceptions of exporting in influencing the export process requires deeper understanding than past export research has provided, and it was in pursuit of a deeper understanding that this study was undertaken.

While the research model proposed does not provide a measurable view for consideration of the research question it provides a basis to further consider the research process. The thinking described in this chapter allows the reader to position this research in present business and export thinking and to understand the position from which the research context, methodology, research method and research tools were selected.

Chapter 4 Research Context

4.1.0 Introduction

This chapter introduces and discusses New Zealand specialist food exporters the context in which the fieldwork for this study was carried out. New Zealand has attractive factor advantages which provide the basis for the commodity food production that makes up a large part of the nation's exports. Within New Zealand's food industry specialist food exports are a very small part, however change in the world food demand, to increasing convenience and experience rather than nutrition; suggest that there is growing potential for this segment of the industry. These circumstances see processing, packaging and service making up an increasing share of world food sales at the expense of commodity food production. Despite the structural barriers that food exporters face in many of their markets, change in consumer demand offers real potential for growth for New Zealand's specialist food exporters.

New Zealand specialist food exporters are identified and described in section 4.2.0. The state and trends in international demand for and supply of food, and the nature of New Zealand specialist food exporters and their domestic environment are discussed in section 4.3.0. Relevant issues and the appropriateness of New Zealand specialist food exporters as the context for this research are considered in section 4.4.0. The chapter concludes in section 4.5.0 by reviewing the preceding discussions.

4.2.0 New Zealand Specialist Food Exporters

The research that provided the context for this study was carried out among New Zealand specialist food exporters. The term "specialist food" refers to food products that are partially or fully prepared for consumption and are distinctive, high quality variations of their internationally branded and commodity counterparts (Christy & Norris, 1999). Specialist foods are predominantly convenience food products and many may be considered artisan foods³, they include, but are not exclusive to, products referred to in the New Zealand harmonised system of classification: Chapter headings 16, 19 and 21 (Statistics New Zealand, 1998b).

Firms engaged in specialist food manufacture and export from New Zealand are predominantly small firms and the features and unique qualities of their products are more important to them than principally pursuing economies of scale. While specialist food manufacturers are likely to have a strong bias toward traditional knowledge and skill in food processing they are flexible and prepared to use the most up to date processes and methods of product presentation.

³ Food produced in a traditional manner on a small scale with little mechanisation.

This flexibility and focus has resulted in innovative products, such as microwave steam puddings (Food Industry Week, 2000) and niche targeted meat products (Stevenson, 2000), which have enjoyed international success.

As world food markets become more diverse and demand for unique food experience increases, there is increased demand for specialist food products. In spite of this apparent demand specialist food exporters provide a small part of New Zealand's food exports, which remain dominated by larger structurally driven and commodity focused food exporters in the dairy, meat and seafood sectors. In addition to operating apart from the larger supply driven commodity exporters specialist food exporters are relatively numerous and manufacture a more diverse range of food preparations. Structural freedom, product diversity and relatively high processing content indicates potential for a good fit between New Zealand specialist food exporters and the potential of change in world food trade.

The export performance of New Zealand's exporters is critically important to the New Zealand economy. However, in spite of growing international trade New Zealand's export performance has, by many measures, deteriorated (New Zealand Herald, 1999; Walker & Liu, 1998).

In the face of this poor performance the quality of fit between New Zealand specialist food exporters and the potential of change in world food markets indicates that they may be able to achieve relatively stronger growth than many other New Zealand exporters. In the face of New Zealand's relatively poor export performance this apparent potential provided motivation for the selection of New Zealand specialist food exporters as the context for this study.

4.3.0 The Environment for Specialist Food Exports

As the world's food supplies have become more abundant in all but the poorest nations, the role of food has become more diverse than simply providing nutrition. This increased diversity is reflected in changing patterns of food consumption, and change and increased complexity in food supply systems. In the face of these changes the bulk of New Zealand's food exporters remain supply driven and focused on commodity production. Change from food as simply nutrition is demonstrated in social and demographic change in food consumption, convenience consumption and food consumption as a consumer experience.

Food, along with other consumption, has long been a marker of social position (Bourdieu, 1984). However, changing demographics are increasing homogeneity in food consumption across nations and increasing dietary diversity within those nations. These trends are particularly evident in the growth in popularity of branded fast foods, health foods and ethnic foods (Holt, 1998; Mintz, 1994). Similarly, food is a vehicle for convenience in society, with consumption of pre-prepared ingredients, ready-made meals, take away meals and grazing becoming lifestyle trends in dietary habits (Gofton, 1995; Riley, 1994; Ward, 1994).

Driven by demographic and lifestyle change, facilitated by technology improvements, the increases in class symbolism and convenience in food consumption have seen food become a consumption experience (Kinsey, 1994; Riley, 1994). This concept of food as an individual experience pits food against other lifestyle experiences and fashions, making producers, retailers and food service purveyors, food experience providers (Muller, 1999; Schaffner, Schroder, & Earle, 1998).

In addition to changes in individual food consumption there is significant change in international demand for food. Increasing national self sufficiency and income elasticity of demand for food⁴ have contributed to a relative decline in food's share of world trade, from about fifty percent in the 1950s to less than fifteen percent in the 1990s (Schaffner et al., 1998). Within the restraints of income elasticity of demand for food a hierarchy of demand sees newer and convenience food products enjoying a relatively high elasticity of demand (Balasubramanyam & Nguyen, 1991; Jackson, 1984; Jackson, 1990). This hierarchy of demand is evident in significant increases in, processing, service and packaging's share of the value of world food sales (Schaffner et al., 1998). These changes in demand for food have occurred in parallel with changes in food supply systems.

⁴ As incomes rise proportional expenditure on food diminishes, "Engels' law", (Leopold, 1985; Samuelson & Nordhaus, 1995).

In the past power in the food supply system was vested in processors (The Food Industry), but recent change has seen a power shift to food retailers and food service providers built on their use of own brands and their close consumer contact in supermarkets and food service outlets (Dawson, 1995). With changes in sales patterns and shifting power, food processors and retailers have sought to improve efficiency, build market share and strengthen brands (Leopold, 1985). Much of this change has been achieved through consolidation, which has seen food supply (processing, retailing and food service) concentrated within fewer larger firms (Balasubramanyam & Nguyen, 1991; Dawson, 1995; Hughes & Merton, 1996).

For retailers and food service providers increased power has seen transactional supply relationships change to ongoing “administered relationships” in which retailers manage the supply chain in pursuit of their own strategies (Dawson, 1995; Schellhase, Hardock, & Ohlwein, 2000). The concept of product supply as part of an ongoing strategic process suggests that food supply relationships are now ongoing rather than discrete. It is through relationships with these retailers and food service providers that New Zealand specialist food exporters must take their products to food consumers.

Within the world food market New Zealand has long been a food exporter. Its exports have, historically, included a relatively high percentage of food products, which went principally to the United Kingdom until its entry into the EEC in the 1970s (Bates, 1998; Chetty & Hamilton, 1996; Hoang, 1998).

While still a very important part of New Zealand's total exports, food products have become less dominant in its export portfolio, see table 4.1, more recently (1997) making up approximately 38% of New Zealand's total exports (Crocombe et al., 1991; Statistics New Zealand, 1998b).

Table 4.1 Changes in Export Profile (NZ\$M) per Annum

	Meat Prds.	%	Dairy Prds.	%	Wool	%	Apls.	%	Wood Prods.	%	Other Expts.	%	Total Expts.
1965	208	28%	198	27%	209	28%	6	1%	23	3%	98	13%	742
1970	364	34%	214	20%	204	19%	9	1%	57	5%	238	22%	1,087
1975	438	27%	291	18%	262	16%	19	1%	92	6%	519	32%	1,622
1980	1,184	23%	798	15%	931	18%	36	1%	328	6%	1,876	36%	5,152
1985	2,207	20%	1,640	14%	1,475	13%	108	1%	515	5%	5,371	47%	11,316
1990	2,313	15%	2,397	16%	1,316	9%	213	1%	1,013	7%	7,911	52%	15,164
1995	2,611	12%	3,082	15%	1,253	6%	475	2%	1,892	9%	11,612	55%	20,925
2000	3,376	13%	4,778	18%	929	4%	405	1.6%	2,951	11%	13,588	52%	26,027

Statistics NZ

The main segments of New Zealand's food export industry, table 4.2, are defined in terms of their supply side orientation as the dairy industry, the meat industry and the fishing industry. Founded on geographic factor advantages, which facilitate low cost agricultural production and fishery harvest, these industries dominate New Zealand's food exports.

Table 3.2 New Zealand's Processed Food Export Industries

Export Sector	**% NZ Exports	**Market Growth	Marketing Control	Industry Focus	Key Issues
Dairy Products	16.8	Positive	Vertically owned. 98% of production exported, industry dominated by Fonterra a farmer owned co-op.	Supply driven, Seeking on farm productivity improvement.	The need to improve the market/supply linkage. Ownership of international markets.
Meat	13	Negative	Meat NZ. Manage & allocates foreign govt. import quotas but independent processing companies export within quotas and elsewhere.	Supply driven, "kill on demand".	Market access and technical and phytosanitary barriers.
Fish	4.9	Static	Vertically integrated fishing/processing companies free to trade at will.	Supply restricted, an increasing market needs focus.	Subsidies to fisheries in export markets. Adding value to a finite resource.
Specialist Foods	1.6	Negative ***	Diverse range of manufacturers operate independently producing niche products.	Focus on day to day operations and survival, limited resources to expand markets.	Access, resources and understanding market requirements.

1997, (Statistics New Zealand, 1998b)

** 1992-1997, by value, *** NZHSC 16,19 & 21

While the dairy, meat and fishing industries can be described as food processors, their operations are dominated by their supply side orientation. The dairy and meat industries' focus is on on-farm efficiency with processing dictated by seasonal grass growth, which drives surges in agricultural production and contributes to relatively inefficient processing (Maughan, 1998; Nixon, 1998). Similarly, the fishing industry is driven by a need to fill total allowable catches under the property rights quota system (McLeod, 1996; Sharp, 1998). This dominance of supply side considerations in these industries drives, with some exceptions, a focus on commodity processing rather than on addressing consumer preference.

Within New Zealand's food production sector specialist food products are produced within each primary sector and in a variety of other fields, such as apiaries, and bakeries, but they could be considered a separate industry segment. While New Zealand's primary resource based processed food products can be measured against world trade in their fields, the nation's production of specialist foods is infinitesimal in world terms. Even in New Zealand terms the export of specialist food⁵, at 1.6% of total exports, is relatively insignificant (Statistics New Zealand, 1998b). Indeed, in spite of promising growth in this field in the early 1990s (Tradenz, 1995) exports of specialist foods appear to have declined 12% between 1995 and 1998 (Statistics New Zealand, 1998b).

While New Zealand specialist food manufacturing firms are small in food industry terms it appears that they are bigger than average. In the European Community the average firm employs six people (Storey, 1994) and New Zealand businesses with five or fewer staff make up 85% of firms (Statistics New Zealand, 1998a). In contrast, the average firm size of the potential gourmet food exporters identified by Arlidge (1988) was 21.6 employees, which is close to the average number of employees, 22, among New Zealand processed food manufacturers (Statistics New Zealand, 1998a), and larger than the average New Zealand firm.

⁵ New Zealand Harmonised System Classification: chapter headings 16, 19 & 21.

The relative size of specialist food manufacturers varies. Larger companies tend to focus on the domestic market and relatively smaller companies are more export oriented (Arlidge, 1988). Among New Zealand specialist food manufacturers it seems that exporting is not a priority. Arlidge (1988) found that only 15% of the firms he investigated exported more than 50% of their production while 44% export 10% or less of their production. However, while these firms appear to lack export experience some of them appear to be exporting satisfactorily. For these specialist food manufacturers to succeed in international markets in the face of trade barriers and high entry costs they must focus on unique selling points in niche markets (Eyres, 2000; Gibson, 2000).

Exporting specialist foods, or any food, particularly to Europe, USA and Japan requires long term effort and investment, and a lack of resources to sustain this effort is a significant barrier for many smaller food exporters (Gibson, 2000; Lind, 2000). A lack of resources is also reflected in the low levels of research and development among specialist food exporters (Lind, 2000). Understanding barriers and market requirements is important for these exporters with the need to have a "product as good as or better than the best in the world" (Parkin, 2000) a critical success factor (Eyres, 2000; Parkin, 2000).

It seems that these needs are not addressed by, the New Zealand Food and Beverage Exporters Council, the main food export lobby group, which is dominated by and focused on the needs of larger primary produce processors rather than the needs of the smaller specialist food exporters.

While world demand for food seeks more diverse convenience and unique experiences, it is served by increasingly consolidated processors, retailers and food service providers. In this environment New Zealand's food industries continue to be dominated by commodity processing of geographic factor driven agricultural and fishery production. Faced with these conditions many of New Zealand's specialist food exporters, although they may lack the experience and resources, have products and attributes with potential to contribute to successful exporting. These small apparently disadvantaged firms provide the context, the research vehicle for this study.

4.4.0 Contextual Fit and Appropriateness

Prior to identification of a research methodology and selection of research methods the appropriateness of New Zealand specialist food exporters as the context for this study was considered. This process included consideration of the attributes of New Zealand specialist food exporters in relation to specific prior export research findings and of their environmental conditions. These deliberations provided a basis to consider the appropriateness of the context for addressing the research question.

In addition to being relevant to the generalised constructs and relationships postulated in the research model of the export process in Chapter 3, New Zealand specialist food exporters can be identified with a number of specific export research issues. The relevance of features of New Zealand specialist food exporters were considered against specific export research issues as illustrated in table 4.2.

Table 4.2 New Zealand Specialist Food Exporter Features and Issues

Features	Relevant Export Research Issues	Contextual Relevance
Small Firm Size	Firm size no barrier to exporting (Bonaccorsi, 1992; Calof, 1993; Philp, 1998), Small firms are more flexible & adaptable (Ali & Swiercz, 1991; Hansen et al., 1994), better motivated (Keats & Bracker, 1988) and improved technology is removing size barriers (Jones-Evans, 1998; Oviatt & McDougall, 1994; Sengenberger & Loveman, 1990).	Power shift in food supply favours smaller suppliers (Dawson, 1995; Schellhase et al., 2000). Opportunities to enter "administered relationships" with retailers (Dawson, 1995).
Distinctive Specialised Products	Increasing demand for niche market products (Knight & Cavusgil, 1996; Oviatt & McDougall, 1994), places specialist food exporters closer in the value chain to customers (Porter, 1985), advantages of unique products (Cavusgil & Zou, 1994; Madsen, 1989).	Increasing demand for distinctive food experience (Gofton, 1992; Riley, 1994). Potential to focus on unique selling points (Eyres, 2000; Gibson, 2000).
Relatively Little International Experience	Export & market knowledge influences export performance (Aaby & Slater, 1989; Zou & Stan, 1998). Exporting not a priority (Arlidge, 1988).	Experience & adequate resources required for export success (Eyres, 2000; Gibson, 2000; Lind, 2000).
Operating Outside the Dominant NZ Food Export Structures	Uncertainty in the domestic environment may have a negative influence on exporting (Dichtl et al., 1990; Morgan, 1999).	Operate in a domestic environment focused on commodity production. A lack of individual and collective resources.

Small firm size is a feature of New Zealand specialist food exporters and the importance of firm size in exporting is much debated in export research without a definitive consensus. However, some theorists suggest that small firms are more flexible and better motivated than larger firms (Ali & Swiercz, 1991; Hansen et al., 1994; Keats & Bracker, 1988). Indeed it is suggested that technology is removing barriers to and facilitating small firm exporting (Jones-Evans, 1998; Oviatt & McDougall, 1994; Sengenberger & Loveman, 1990). The power shift in food supply from processors to retailers and food service providers means that power is now vested in specialist food manufacturer's customers rather than their competitors.

This change may improve opportunities for the supply to retailers and food service providers of own brand goods and speciality (experience) products in supply arrangements that were more difficult when large processors were dominant. This change offers opportunities for New Zealand specialist food exporters to build ongoing supply arrangements and relationships directly with retailers and food service suppliers.

Prior research indicates that there is increasing demand in export markets for niche products (Knight & Cavusgil, 1996; Oviatt & McDougall, 1994) and that unique products are associated with export success (Cavusgil & Zou, 1994; Madsen, 1989). Indeed it is further suggested that firms who adapt and customise their products are more successful than those with a standardised focus (Axinn et al., 1996). These findings parallel changes in international demand to more complex convenience foods and the desire for unique food experiences (Gofton, 1992; Riley, 1994). In addition the unique products of specialist food exporters place them closer to customers in the “supply chain” (Porter, 1985) than manufacturers of less processed and commodity oriented products. With their distinctive specialised products and relative proximity to consumers New Zealand’s specialist food exporters are in a position to exploit both the potential niche demand identified by export theorists and the demand in world food markets for convenience and unique experiences.

While their small size and distinctive specialised products appear to be positive attributes for New Zealand specialist food exporters their lack of international experience and a lack of support for exporting in their domestic environment may be negative influences. In export research international experience and market knowledge are identified as influencing export performance (Chetty & Hamilton, 1993b; Madsen, 1987; Zou & Stan, 1998). Uncertainty and negative influences in the domestic environment have been identified as a disincentive to export (Dichtl et al., 1990; Morgan, 1999). New Zealand specialist food exporters are not predominantly export focused (Arlidge, 1988) and reside in a domestic environment where support systems, industry organisations and the dominant firms are focused on commodity issues driven by a focus on agricultural and fisheries production. Export research thinking suggests that the lack of export orientation, experience and knowledge, and an unsympathetic environment for New Zealand specialist food exporters may have a negative impact on their export performance.

The above comparisons indicate that New Zealand specialist food exporters, in addition to being exporters in terms of the conceptual model, can be identified with specific issues and thinking in export research and that these issues have relevance in the context of their export environments.

While these relationships may have performance implications for these exporters and indicates that they may be representative of a group of exporters, they do not indicate their appropriateness to address the research question. To consider the appropriateness of this group of exporters to the research question further specific consideration was undertaken.

The research question posed sought to understand the detailed interaction of a relationship in the export process. To investigate this question the research process needed to examine the relationship in detail using informants or indicators close to the export action involved. There should also be a reasonable expectation that the anticipated relationship, export performance influencing the export strategy process, would be present within informants firms. These issues form a basis to consider the appropriateness of New Zealand specialist food exporters as a vehicle to investigate the research question.

To facilitate understanding of the influence of export performance on the export strategy process knowledge of both functions was required. It seemed reasonable to expect that the relative proximity of these functions would vary with firm size, with management in smaller firms more likely, than in larger firms, to be involved in both functions. Indeed in large companies one might expect that those who undertake export strategy formulation may be at a significant distance from the people who monitor export performance.

Separation of these functions may lead to dilution, filtering or the addition of bias in the flow of information. In small firms, such as New Zealand specialist food exporters, it seemed likely that the managers involved in the export strategy process would be the same people who monitor export performance. Being able to study both functions from the same perspective was seen as facilitating the research process. While it is all very well to be confident that the research context will facilitate investigation of the research question, it was at the same time, prudent to examine a context in which the phenomena to be examined were likely to be evident.

The relationship that the research question addressed assumed the existence of a dynamic relationship between export performance and the export strategy process. Ideally the context for the research should be one in which one could expect export performance to vary and therefore induce a variation in the export strategy process. While the concepts of both performance and strategy, in some form or other, are common to all firms their intensity will vary depending on the firm and its circumstances (Johnson & Scholes, 1993). One might expect performance to be relatively constant in mature or commodity businesses and that this consistency of performance would generate little change in firm strategy. In contrast, it appeared reasonable to expect that performance in a turbulent environment would be dynamic and that this changing performance would generate ongoing changes in strategy.

As the preceding discussion suggests, the world food market is in an ongoing process of change with the market for convenience and experience foods perhaps the most dynamic sector. New Zealand specialist food exporters operate in this dynamic (changing) environment, and may be subject to more export performance variation than one might expect in firms involved in commodity sectors of the world food market. This export performance variation may be evident in a variety of performance measures, such as sales volumes, market penetration or profitability, but whatever form it takes it may have implications for the export strategy process. If, as was suggested, New Zealand specialist food exporters do experience changing export performance it will be important to them, if they are to survive and prosper, to adjust their strategy to counter or take advantage of the perceived reasons for the export performance variations.

In addition to being exporters, in terms of the research model postulated for this research, the attributes of New Zealand specialist food exporters were identified in terms of a number of specific export research issues. These issues had relevance both in terms of these exporters and their specific environmental situation. In addition, New Zealand specialist food exporters were identified as an appropriate research vehicle in terms of the presence of the phenomena to be investigated and in terms of firm structures, which were seen as facilitating that investigation. The appropriateness of the research context endorses their selection as the vehicle for this research.

4.5.0 Conclusions

The context for this research, New Zealand specialist food exporters, are small focused firms exporting a variety of unique food products. Such highly processed unique products are in growing demand among world food consumers who are seeking increased convenience and unique experience in their food consumption. However, in their domestic environment the food industry is dominated by large supply driven commodity focused enterprises; this does not encourage the export of specialist foods. This lack of domestic support may be a factor contributing to a low level of export orientation among New Zealand specialist food exporters.

In spite of their disadvantages some export research and change in the world demand for food suggests that there is potential for New Zealand specialist food exporters to improve their performance and this potential was a motivation for their selection as the context for this study. In addition, New Zealand specialist food exporters were likely to have management structures that would facilitate the investigation of the research question and they operate in dynamic markets, which appeared likely to generate the phenomena that the research question sought to investigate. The selection of New Zealand specialist food exporters as the context for this study provided part of the basis to proceed with selection of research methodology and research design.

Chapter 5 Methodology, Method and Design

5.1.0 Introduction

This chapter discusses the methodology, research method and research tools employed in the study that supports this thesis. Other export research has employed a variety of research approaches which reflect the diversity of philosophical views that give rise to them. Despite these diverse approaches they all have qualities which have the power to make specific contributions to advancing research endeavours. In the case of this study an understanding of the methodology within which the work was framed and the research tools used in its execution is important if the reader is to appreciate the findings and this thesis.

Drawing on the diversity of methodological views and the research question and context for this study qualitative, ideographic, methodologies were identified as most appropriate for this research, and phenomenology was identified as the most suitable of these. Drawing on the principles of phenomenology, and in consideration of the research question and context, case study was selected as a strategy for the data gathering and analysis process. Before fieldwork commenced the instruments to be used in evidence gathering and analysis were set down in a case study protocol which guided and ensured consistency in the research process.

While the phenomenological methodology and case study method were identified as being most appropriate for this study they may be subject to some criticisms. These potential criticisms and ethical considerations are considered and discussed in this chapter.

The philosophy and methodology underlying export research and the selection of the methodology for this study is discussed in section 5.2.0. The process of research method selection is explained in section 5.3.0, including the details of the specific case study design for fieldwork and analysis. Methodological and method criticisms and limitations are considered in section 5.4.0 and the ethical considerations and provisions applied in conducting the research are outlined in section 5.5.0. The chapter concludes in section 5.6.0.

5.2.0 Methodology

Thinking about natural and social phenomena can be framed in philosophical terms, with these terms manifest in the methodologies selected for research activities. Export research is no exception to this, with extremes of conceptual views of the world and of knowledge evident in research generated thinking and the methodologies underlying that research. While specific methodologies have been used in past export research, for this research the underlying conceptualisation and question rather than any previous approach or preference for a specific philosophy of science paradigm shaped the process of methodology selection. This selection process identified phenomenology, which proposes research through the examination of the subjective experience of research informants as being most appropriate for this research. This section discusses methodology underlying export research in 5.2.1 and describes the process of selecting a methodology for this study in 5.2.2.

5.2.1 Philosophy in Export Research

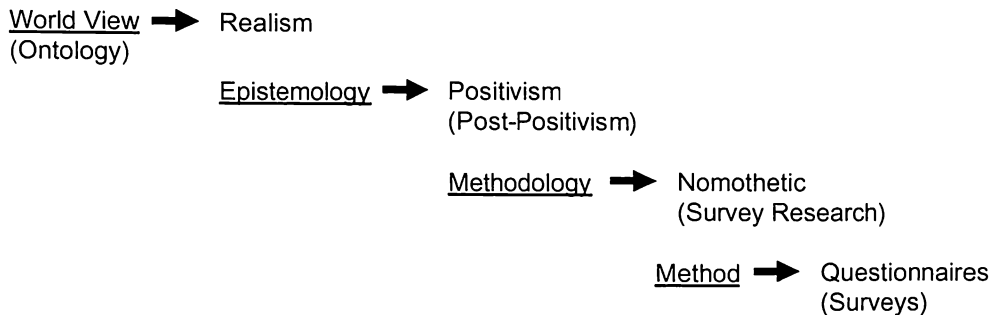
Philosophical understanding that provides the basis for social science research draw on a variety of specific views of the world which are perhaps more controversial than the theoretical conceptualisations to which they contribute. In export research the dominant world view appears to be that of positivism⁶, a belief in a physical and social world external to the individual that can be measured using objective methods of measurement (Easterby-Smith, 1991). In export research this positivist view seeks to deduce conclusions from export research which can be generalised across a wide range, if not all, of exporting firms,

Within export research thinking a positivist view of the world is evident in the methodology and methods employed in research. The predominant use of research tools such as surveys, data reduction and statistical analysis to conduct and translate export research suggests that export phenomena are real and objectively definable, indicating a nomothetic methodology.

⁶ In more recent years in response to criticism (Feyerabend, 1987; Kuhn, 1962; Lakatos, 1978; Popper, 1965) a Post-Positivist view has evolved with more sympathy for subjectivism, see Phillips (1990) and Crotty (1998).

This methodology suggests an ontology⁷ of realism in which reality is seen as external to the individual and a positivist epistemology⁸ in which knowledge is clearly true and false, as illustrated in figure 5.1 (Burrell & Morgan, 1979; Crotty, 1998; Phillips, 1990).

Figure 5.1 Dominant Philosophical Framework in Export Research



While the dominant methodology in export research appears to be nomothetic, not all research findings are consistent with the world view that this methodology implies. An important finding in export research is the role of management perception of exporting. The identification of management perceptions as influential in their export activities (Aaby & Slater, 1989; Bilkey, 1978; Zou & Stan, 1998) suggests an ontology of nominalism in at least some aspects of the export process.

These findings are consistent with a constructivist epistemology which sees knowledge as constructed from an objective reality in terms of individual's subjective understanding of that reality (Crotty, 1998; Guba, 1994).

⁷ "assumptions which concern the very essence of the phenomena under investigation" Burrell and Morgan (1979) page 1.

⁸ "assumptions about the grounds of knowledge" Burrell and Morgan (1979) page 1.

Conversely, a post-positivist view may acknowledge the subjectivity of management perceptions but these would be seen as resulting from imperfections in measurement rather than from the subjective nature of the phenomena (Phillips, 1990). Whether the role of management perceptions in the export process are seen as a post-positivist measurement imperfection or as a constructivist subjective quality it seems that the predominant nomothetic methodology, having identified these phenomena, has not been very useful in developing a depth of understanding of how these subjective perceptions influence export processes (Easterby-Smith, 1991).

In order to develop improved understanding and to elucidate causality some export researchers have chosen to use ideographic methodologies, which examine situations subjectively by gathering and translating qualitative data, in terms specific to the individuals involved. These methodological approaches have been used to improve understanding of the export process and in the generation of new export theory. Established conceptualisations of the export processes have been tested and new conceptualisations generated using ideographic methodologies and case study research methods (Chetty & Hamilton, 1993a; Lindsay, 1998; Lindsay, 1999b; Simmonds & Smith, 1968).

The concept or theory of stages of export activity was generated from longitudinal case study research among four Swedish firms drawing on published data and interviews to identify factors generating international growth (Johanson & Wiedersheim-Paul, 1975). Similarly, the identification of how born global exporters do business was identified using focus groups and in-depth interviews, qualitative research methods (Rennie, 1993). Indeed the role of ideographic methodologies in extending understanding of exporting and creating new export theory suggests that it is a tool of “scientific discovery” while nomothetic methodology drives “normal science” (Kuhn, 1962).

While differing world views may engender different methodologies the effective use of both nomothetic and ideographic methodologies in past research indicates the capacity of both to produce a range of meaningful findings (Silverman, 2000). However, it seems that there is no common theory of science or methodological consensus among researchers, there is only a common process of research (Feyerabend, 1987). Although extremes of methodological view are useful in addressing specific contexts and questions specific research methods for a research undertaking can not be determined outside the nature of the context and the research question (Morgan, 1980).

5.2.2 Methodology Selection

Notwithstanding the apparent connection between world views and methodology, the selection of a methodology for this study was driven by the nature of the research question and the context of the research. The research question and context suggested the selection of a qualitative, ideographic methodology and among those methodologies phenomenology was identified as the most appropriate.

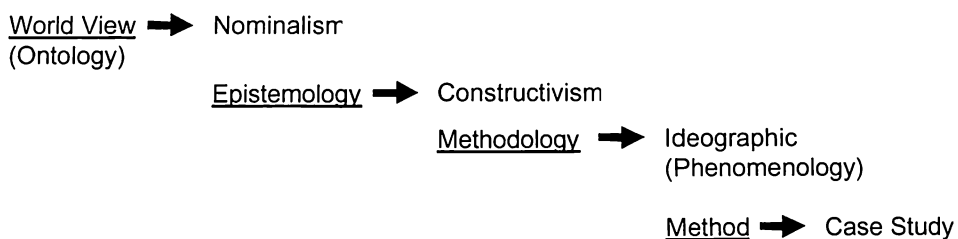
The conceptualisation that provided the basis for this study was drawn from theory in export research to develop an arrangement of constructs, in the research model, suggesting an ontology of realism. However in keeping with other export thinking the conceptualisation further suggests that subjective management perceptions of export performance are an important influence on the export strategy process and thus future export performance. While the constructs and their unidirectional relationship within the research model have their basis in established export theory the suggestion addressed in the research question, that export performance influences the export strategy process, has no similar theoretical basis. Postulation of the research question draws on prior export research findings, suggestion in strategic literature and management practices (Ansoff, 1988; Johnson & Scholes, 1993) to infer such a relationship (Aaby & Slater, 1989; Zou & Stan, 1998).

In the absence of theory underpinning the research question this research was treated as explanatory for which there is a need to employ a methodology that will provide an in-depth knowledge of the matters concerned with the research question (Churchill, 1979; Strauss & Corbin, 1990; Winklhofer & Diamantopoulos, 1996).

The context within which this research was undertaken was New Zealand specialist food exporters, small firms with unique products, which they export to diverse changing markets. Their small size, the nature of their products and markets suggests that human action and relationships in a social world will be important realities within these firms (Shaw, 1999). Indeed the study of small firms is best approached from the inside allowing the researcher to get close to the action to understand the reality of the individuals involved (Gill & Johnson, 1997). In order to address the research question an in-depth understanding of the experiences and social relationships, which contribute to the realities of New Zealand specialist food exporters, and the perceptions that those realities generate was required. To achieve this understanding the researcher needed to get close to the context of the research employing a methodology suitable for the investigation of social reality.

Consideration of the research question and context suggested the use of a qualitative research approach⁹ using an ideographic methodology. Within the philosophical range of ideographic methodologies there are a number of methodologies, such as those shown in table 5.1, which, while overlapping significantly, have their own distinct characteristics. Of these methodologies, phenomenology was considered to be the most appropriate to investigate the research question in its specific context. The selection of phenomenology drew on the underlying ontology of nominalism and an epistemology of constructivism evident in the conceptualisation of that specific part of the export process that the research question addresses rather than being driven by any personal orientation of the researcher (Strauss & Corbin, 1990). These underlying indicators provided a basis for the philosophical and the practical framework for this research as illustrated in figure 5.2.

Figure 5.2 Framework Suggested by Research Question and Context



⁹ "qualitative researchers study things in their natural settings, attempting to make sense of, or interpret, phenomena in terms of the meaning people bring to them" (Denzin & Lincoln, 1998), page 3.

Phenomenology is one of a number of ideographic research methodologies which utilise qualitative information to understand what lies behind poorly understood social phenomena (Strauss & Corbin, 1990). Originating from an early twentieth century German philosophical movement phenomenology calls for a focus on “the things themselves” in an effort to gain meaningful understanding (Alvesson & Skoldberg, 2000). While phenomenology provided the roots for ethnography it remains a separate interpretive methodology in its own right (Holstein & Gubrium, 1998). Phenomenology seeks to view everyday objects and experience, principally through the medium of language, to explain how those objects and experiences are meaningful (Holstein & Gubrium, 1998).

In pursuit of this understanding phenomenology draws on the richness of direct experience to heighten perception and provide new meaning or enhance former meanings (Crotty, 1998; Spiegelberg, 1970). This understanding through experience is sought through observing the things, phenomena, themselves, setting aside preconceptions in the process in an effort to identify different ways things can be viewed (Mercer & Powell, 1972). This experience must be that of those who participate in the context of the research as no one can experience things on behalf of the participants (Crotty, 1998).

The researcher, in pursuit of a phenomenological methodology, strives to take a fresh look at things, phenomena, by probing in an effort to understand the subjective experience of research respondents (Crotty, 1998).

Phenomenology builds on the initial contemplation of phenomena by repeatedly revisiting the experience of respondents as a touchstone to assist in the development of insight (Crotty, 1998; Mercer & Powell, 1972). In this process the researcher can take a sceptical view considering both the static and dynamic to build a progressive cognitive adventure (Spiegelberg, 1970). However before phenomenology can be effective the researcher must first put aside their usual understanding or involvement with the phenomena being researched in order to be able to take a fresh view (Crotty, 1998; Remenyi, Williams, Money, & Swartz, 1998). These phenomenological principles provided a basis to address the research question within the context of New Zealand specialist food exporters.

Phenomenology was identified as a suitable methodology for this study after consideration of several alternative ideographic methodologies. This search concluded with the qualities of ethnography, phenomenology and grounded theory being considered in terms of research question and context issues specific to this study. The comparisons between these methodologies are illustrated in table 5.1.

Table 5.1 Comparison between Potential Ideographic Methodologies

Research Issues	Ethnography Qualities	Phenomenology Qualities	Grounded Theory Qualities
Context Issues			
Understanding of action and relationships reqd.	Focuses on social relationships and phenomena	Investigates the direct experience of subjects	Can use a variety of research approaches
Understanding of subject's perceptions reqd.	Focuses on the cultural significance of phenomena	Focuses on subject's subjective experience of phenomena	Can use a variety of research approaches
Need to get close to the context	Participant observation a key tool	Seeks to understand through subject's experience	Can use a variety of research approaches
Question Issues			
Presence of a conceptual framework	Starts from theory to ground in the context	Draws on theory to identify phenomena and things	Seeks to discover new concepts and theory
Some theoretical basis for the question	Findings grounded in the reality of the social group	Assumes some theoretical basis for the question	Rejects a priori assumptions and theory

From a contextual point of view the study required a methodology that would allow the researcher to get close to the context to discover the realities and perceptions of the respondents.

Although all three methodologies seek, or can seek, a close relationship with the subject matter they focus on drawing different information from those relationships. Ethnography seeks to observe social and cultural information through participation (Fetterman, 1989; Goetz & LeCompte, 1984), phenomenology seeks to identify phenomena and events through the experience of informants (Remenyi et al., 1998; Spiegelberg, 1970), while grounded theory can utilise a variety of approaches (Strauss & Corbin, 1998).

With their focus, or potential focus, on experience of phenomena, as opposed to ethnography's cultural and social focus, phenomenology and grounded theory appeared to be the most appropriate methodologies for investigation in the context of this research.

Postulation of the research question built on existing theoretical models of the export process and while the question itself lacked a theoretical basis it was bounded by existing theory. Of the methodologies considered in table 5.1 grounded theory rejects a priori theory, seeking to discover new concepts and theory from a zero base (Glaser & Strauss, 1967; Strauss & Corbin, 1990), ethnography draws on theory but seeks to ground findings in the subjective reality of the respondents (Baszanger & Dodier, 1997) and phenomenology assumes a theoretical basis for the identification of things and phenomena experienced (Crotty, 1998; Mercer & Powell, 1972).

Grounded theory with its rejection of a priori assumptions and ethnography with its striving to ground findings in the social reality revealed from studies appeared inappropriate to investigate a question which sought to build on a specific theoretical framework. In contrast phenomenology, in seeking to build and expand on existing thinking appeared more appropriate to address the research question.

When evaluated from both the perspective of the context and the question phenomenology was the most appropriate methodological approach among those considered for this research. While the principles of phenomenology define the thrust of the research process the actual process of gathering qualitative data to address the research question required a specific framework and data collecting methods.



5.3.0 Research Method Selection and Design

In order to further the research process a research method which would provide a framework for gathering and processing field information was required. This framework needed to facilitate the phenomenological methodology and be appropriate for the examination of the research context. To this end case study was identified as the most appropriate research method for the study. Case study together with other research tools provided “devices whereby the researcher, once close to the organisational members, can gain the sort of insights into people and situations” that are required (Easterby-Smith, 1991) (page 71).

This section describes and discusses the process of selecting case study method in 5.3.1 and the specific case study design in 5.3.2. The process of evidence collection is described in 5.3.3 and analysis strategies and methods are considered in 5.3.4. The section ends with conclusions drawn in 5.3.5.

5.3.1 Research Method Selection

Case study is described both as a research method (Crotty, 1998) and as a research strategy (Eisenhardt, 1989; Yin, 1981; Yin, 1994). Method or strategy case study was seen as allowing sufficient depth of inquiry to facilitate the identification of the phenomena concerned with the research question (Remenyi et al., 1998). Its ability to allow the researcher to get close to the context and its informants was seen as facilitating access to their experiences, to understand the phenomena involved. The process of identifying case study as the vehicle for the study utilised the framework suggested by Yin (1994), is illustrated in table 5.2.

Table 5.2 Identification of Appropriate Research Method

Yin's Indicators	Relevant Characteristics of the Study	Yin's suggested Research Strategies
Form of research question?	Asks "in which ways"	History, <u>Case Study</u>
Requires control over behaviour?	No control, impartially seeking experiences of subjects	Survey, Archival Analysis, History, <u>Case Study</u>
Focuses on contemporary events?	Principal focus on contemporary perceptions and events	Experiment, Survey, <u>Case Study</u>

Adapted from Yin (1994)

Among the possible research strategies suggested by Yin (1994) only case study is identified as suitable by all three of his indicators. In addition to being identified as suitable for this study in terms of Yin's (1994) criteria it is a suitable vehicle in terms of the phenomenological research methodology.

The potential for case study to focus on real life phenomena and events to observe and understand the experience of research respondents is in keeping with the principles of phenomenology (Crotty, 1998; Mercer & Powell, 1972). In the research context the extent and influence of the phenomena being studied were not clear and case study allowed a focus on the real life contemporary events that the methodology required (Yin, 1981), to produce a meaningful understanding of those real life events (Remenyi et al., 1998). In addition, not needing to definitively define the parameters of the research process before starting field work overcame the inherent difficulty of defining the scope of the study at an early stage (Remenyi et al., 1998).

The concept of case study as a research strategy sees it providing a framework within which specific research methods such as surveys, interviews and observation can be applied. In this research the use of several methods to source evidence within the structured approach provided by case study facilitated the comparison of data across sources within the study (Maxwell, 1998) and facilitated a focus on understanding the dynamics present within individual cases (Eisenhardt, 1989).

The identification of case study as a strategy and framework for this study provided a basis for the selection of the cases to be examined and the specific tools to be used in the collection of evidence and analysis processes.

5.3.2 Case Study Design

Having identified case study as the best strategy for investigating the research question it was possible to plan the processes of data collection and interpretation. Key issues in this design process were the degree of pre-structuring, identifying the unit of analysis, selection of a specific case study design and identification of case firms. Decisions about these issues together with the details of specific research tools were incorporated in the case study protocol which provided a framework underpinning consistency across cases. These fundamental design decisions together with specific research instruments were tested and refined using a pilot study prior to their application in the body of the study.

An important issue in the design of this study was the degree to which it should be pre-structured. A loosely structured design is useful for exploring socially complex phenomena about which little is known and where high levels of induction are desirable, but such an approach is likely to lack generalisability and internal validity (Maxwell, 1998). However, as this study considered known phenomena in a familiar context a pre-structured approach was considered appropriate (Miles & Huberman, 1994).

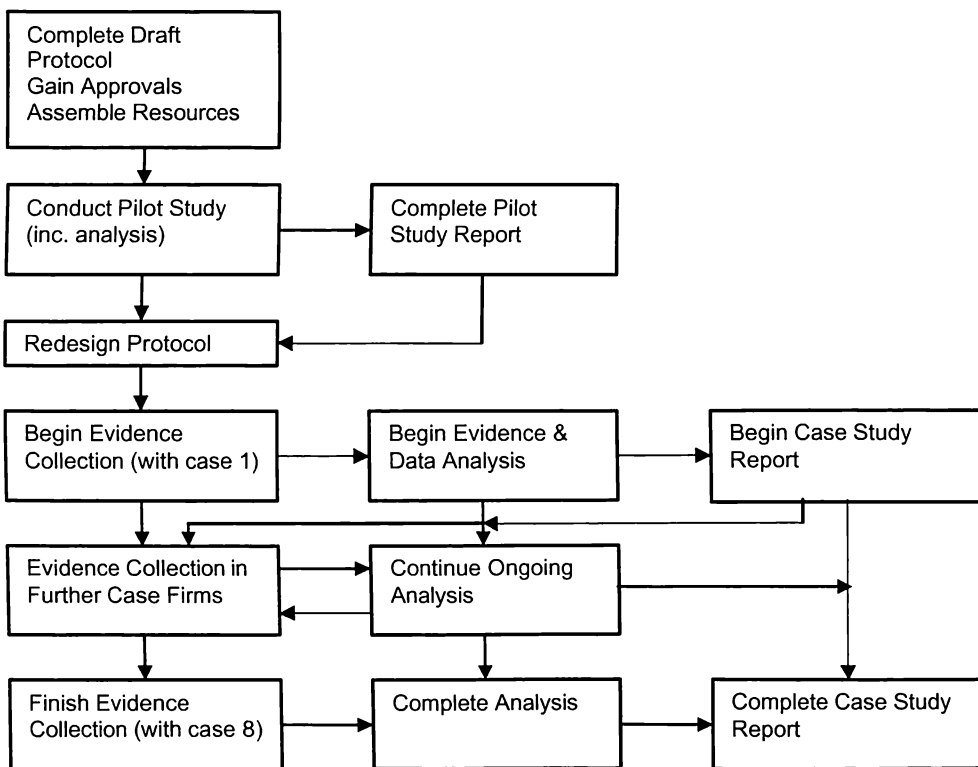
In addition to reducing the amount of data involved and simplifying the analysis required, a pre-structured approach (Miles & Huberman, 1994) improved the potential for generalisability, comparability and internal validity (Maxwell, 1998; Yin, 1998). To this end this case study design was pre-structured through the identification of the empirical field for the study, the data collecting methods to be employed and a framework for the management of the research (Yin, 1998).

The first specific design process was identifying the firm as the unit of analysis for the study. The research question sought to develop understanding of the relationship between performance and strategy within exporting firms, making the firm the unit that the research sought to understand (Shaw, 1999). While this decision may seem straightforward a key factor in the relationship to be investigated was the perceptions and actions of management, indeed management were the key source of evidence for the study. Although the role of management in the relationship investigated may suggest that managers should be the unit of analysis they are simply an instrument within exporting firms. In addition to being appropriate to the question, the firm is the unit of analysis predominant in export research and its use in this study will facilitate comparisons with export literature (Yin, 1994).

The single unit of analysis, the firm, was incorporated in a multiple-case study design. The selection of a multiple-case design strengthened and broadened the capacity to draw analytic generalisations from the study (Yin, 1998). This potential was further enhanced by the selection of cases on a basis of theoretical or literal replication (Glaser & Strauss, 1967; Yin, 1998) allowing the use of replication logic to anticipate propositions across cases enhancing the external validity of this study (Yin, 1998; Yin, 1994).

Selection of the firm as the unit of analysis and multiple-case design provided the basis for undertaking specific research activities as illustrated in figure 5.3.

Figure 5.3 Activities in the Multiple-Case Study Process



The eight cases, which made up the study were drawn from a database of New Zealand specialist food exporters compiled by the researcher. Suitable cases were identified from published material, through consultation with the New Zealand Trade Development Board and industry organisations such as the Airline Catering Group (Parkin, 2000) and Food-BOP, the Tauranga Region Food Manufacturers and Processors Association (Mac Brayne, 2000).

Compilation of this database continued while the pilot case study was conducted, with the final identification of suitable cases being an initial process in undertaking the multiple-case study. Cases were drawn from the database as the study proceeded with the addition of firms to the sample frame stopped once a point of theoretical saturation had been reached (Gilson, Pratt, Roberts, & Weymes, 2001). Case selection focused on specific firm and export criteria, see table 5.3, which were considered appropriate to the selection of a purposive sample.

Table 5.3 Case Selection Criteria

Firm Criteria	Measure	Rationale
Product Type	Specialist food exporter	Confirms fit with the context of the research
Business Experience	3 years or more business experience	Confirms that firms may be familiar with business practice
Firm Size	No less than 4 staff	Indicates the use of systematic management processes
Export Criteria		
Export Experience	3 years export experience	Indicates that firms are experienced exporters
Export Intensity	Export to be a significant value of part of total sales	Indicates that firms are committed exporters

This selection procedure provided a group of cases, which addressed theoretical and practical objectives providing a “purposive” sample of experienced, committed exporters who could be expected to illustrate the practices and features of exporters as a whole (Silverman, 2000).

Their business experience and firm size suggested that they would operate using familiar business practices rather than idiosyncratic practices that one might expect in less experienced or smaller businesses. Their common product type and association with a community of similar firms suggested that there may be a similarity of practices among them, a possibility that enhanced the concept of theoretical replication (Eisenhardt, 1989; Yin, 1994). In addition to being likely to demonstrate the phenomena sought in the research question the firms were geographically convenient for the researcher, allowing ready, quick access to the appropriate data (Silverman, 2000).

5.3.3 Evidence Collection

Within the selected cases three sources of evidence, interviews, direct observation and physical artefacts were used to gather data. These data collection methods were selected after consideration of the six sources of evidence suggested by Yin (1994), as illustrated in table 5.4.

Table 5.4 Sources of Evidence: Qualities

Source of Evidence	Question/Context Suitability	Methodological Relevance	Suitability
Documents	Access may be difficult	Reporting bias may destroy the immediacy of data	Poor
Archival Records	In small firms these are likely to be functional only	Likely to be mechanistic and historical, not immediate	Poor
Interviews	Able to focus on the question using key informants	Could provide insight to respondent experience. Risk of reflexivity	Good
Direct Observation	Could indicate the context for events, "things"	Could show the context for informant experience	Good
Participant Observation	Insightful but could influence events, Access not likely to be available	A risk of investigator influence on events	Poor
Physical Artefacts	May complement understanding of the context	Not a reflection of immediate events	Possible

Adapted from Yin (1994)

This use of multiple sources of evidence facilitated triangulation in data processing serving to enhance the construct validity of the finding (Eisenhardt, 1989; Yin, 1998). Each of these sources of evidence made their own specific contribution to the body of case study evidence.

Interviews were conducted with key informants, who were either managing directors and/or senior divisional managers, in each of the case firms. The interviews were open ended, focusing on the framework of interview questions developed from the research model, tested in the pilot study and defined in the case study protocol. The questions in the interview guide were used as prompts addressed to the researcher as reminders for framing interview questions (Yin, 1994). The interview guide was not an inflexible tool, the questions posed changed as the study proceeded, informed by preceding interviews and feedback from the analysis process.

Interview dialogues were tape-recorded for later transcription and supported by a researcher report of direct observations compiled immediately after each interview. This procedure allowed the researcher to remain focused on the research question while allowing informants to provide their own version of their experience (Yin, 1994). Interviews allowed the researcher to develop a degree of intimacy with the informants, to get to know them (Remenyi et al., 1998). While interviews provided an essential part of the case study evidence the risk of informant bias and reflexivity need to be considered (Remenyi et al., 1998) and to this end the verbal transcripts and interview reports were corroborated using other sources of evidence (Yin, 1998).

Further evidence was gathered through direct observation at the case sites before, during and after interviews. Direct observation was not made of management perceptions but to provide evidence to corroborate other sources. Direct observation was specific to the question and the context (Maxwell, 1998) focusing on the physical characteristics and behaviour identified in the case study protocol.

Unlike other evidence, data gathered through observation can not be considered hearsay and should be free from informant bias or reflexivity. This quality of reliability enhanced the triangulation process and the validity of the findings (Remenyi et al., 1998). Although the reliability of direct observation evidence could have been enhanced through the use of multiple observers (Yin, 1994) limited resources allowed only one researcher to participate in this process. Direct observations were recorded as soon as practical after the conclusion of interviews (Kvale, 1996) using standardised contact summary sheets. These notes and reflections informed and improved future interviews and were the first step in analysis (Miles & Huberman, 1994).

Although physical artefacts as a source of evidence are most closely associated with historical or anthropological research they were used as an important source of information in this study. Third party interviews of case informants from the media provided corroboration of evidence gathered within firms. The products and product information of the case firms provided valuable insight into their present and past strategies. Like direct observation these artefacts provided literal evidence, free of hearsay, reflexivity and bias, of the physical actions and intentions of the case firms. This evidence was useful in confirming and supporting other sources of evidence.

The systematic processes with which the study was designed ensured that the method and tools chosen best facilitated pursuit of the research question in the research context. Notwithstanding the identification of specific instruments in this process they were applied flexibly across the case study allowing data gathering to become increasingly focused as it was informed by incremental improvements in understanding drawn from the gathering and analysis processes. This flexibility ensured greater focus and intensity in the findings that would not be possible with a more rigid design and instrumentation.

5.3.4 Analysis Strategy and Methods

Analysis in this study was not a consecutive activity, but was carried out concurrently with the evidence collection process (Silverman, 2000). Data analysis used the tools identified in the case study protocol with the examination and classification of evidence used to make connections between concepts as a basis to address the research question (Dey, 1993). This process of analysing case study evidence is difficult and poorly developed (Yin, 1994). Given this difficulty, and the lack of standardised procedures, preplanning the analysis process is seen as critical to ensuring the quality of the outcome of this case study (Kvale, 1996).

The identification of a general strategy for the case study analysis process provided a framework for the application of modes or techniques of analysis to the evidence (Yin, 1994). The detail, in drawing on preconceived theoretical concepts to focus on informant's real experience of phenomena, provided a basis for a general analysis strategy, which used the research model of the export process as a strategic framework for the application of analytic modes and techniques in the processing of evidence. While the analytic strategy provided a framework for the application of modes of analysis the management of a study influenced the types of analytic tools that could be used (Miles & Huberman, 1994).

Computer software was a key tool in the management of case evidence and data. While it may be suggested that computers dictate analytic strategy and impose a narrowness of view on analysis, where the researcher is aware of such possible implications the qualities of computers can be used to enhance analysis (Silverman, 2000). Moreover, the use of computers for the management and analysis of qualitative data is seen as having several clear advantages over manual systems particularly where there is a need to handle large volumes of data at high speed with rigor and consistency (Silverman, 2000).

For this study, the software used for data entry, data coding, search and retrieval of data and displaying and developing concepts was QSR NUD*IST¹⁰ Release V 4.0 (<http://www.qsr.com.au>). The cohesive management of evidence and data using QSR NUD*IST Release V 4.0 provided a case study database, a key principle of data collection, which underpinned the reliability of the study (Yin, 1994). This software provided the key analysis tools, improved the speed of the analysis process and enhanced the rigor of the findings (Gahan & Hannibal, 1998; Weitzman & Miles, 1993). The utility afforded by this software did not reduce the need to rely on the researcher's interpretive skills in interpretation of the evidence and data to produce understanding.

The phenomenological methodology, which framed evidence gathering implied the use of relatively non-invasive research methods, suggesting that evidence is kept intact, not condensed, with transcripts and source material read iteratively in an effort to capture the essence of informant experience (Miles & Huberman, 1994; Moustakas, 1994). However, this phenomenological approach to analysis would, given the limited human resources available for this study, restrict the potential breadth and depth of evidence processed. In order to minimize this limitation the evidence gathered was reduced, coded and analysed using more specific methods than phenomenology suggests.

¹⁰ Non-numeric Unstructured Data Indexing Searching and Theorising (Weitzman & Miles, 1993).

However, to maintain contact with the originality of informant experience through the analysis process connections and conclusions were reviewed in the context of the full interview transcripts and other supporting evidence.

Before commencing detailed systematic analysis, and without prejudice to the identified general analysis strategy or specific methods, a loose “play with the data” (Yin, 1994) provided preliminary ideas about what to analyse and what not to analyse. This was carried out concurrently with transcription of tape-recorded interviews and in the context of the interviewer’s direct observations noted in the contact summary sheet. In addition to kick starting analysis (Silverman, 2000) this process suggested the need for increased focus or additional evidence and so informed future interviews through revisions to the interview guide.

Before classification and coding started, transcripts of interviews were referred back to informants for their comments. This practice provided an opportunity for informants to identify any inaccuracy in the transcripts and was a vehicle to extend informant involvement in the research process. Once the researcher had a feeling for the evidence and initial transcripts were complete data classification and coding commenced.

Three basic modes of analysis were employed, within and across cases, pattern matching, explanation building and time-series analysis (Yin, 1994). Within these modes of analysis data was manipulated and examined using the concurrent activities of data reduction and data display leading to conclusion drawing and verification (Miles & Huberman, 1994). These activities of reduction, display and conclusion lead to increasingly focused description, classification and connection of phenomena identified in the experience of informants (Dey, 1993). Although these techniques can be identified individually they were employed cohesively striving to achieve a seamless analysis process.

The pattern matching mode of analysis used the conceptual model as a basis to identify themes, constructs, in informant evidence within cases. These phenomena were further compared in later across case analysis. This identification of pattern matches within and across cases strengthened the internal validity of the study (Yin, 1994). In addition to seeking to understand themes and patterns in terms of the conceptual model rival explanations for the apparent patterns of influence were postulated and tested within and across cases. Rival explanations were either refuted and strengthened the position of understanding based on the conceptual model, or offered stronger alternative hypotheses for the phenomena experienced by informants.

This iterative process compared and contrasted explanations for the conceptual and rival propositions, seeking to explain the causal links apparent between the phenomena being considered. In undertaking this mode of analysis the researcher was wary of the risk of repeated iterations of explanatory examinations leading to digression from the purpose of the study. To counter this risk, frequent reference back to the benchmarks of informant evidence, the conceptual model and the research question was made (Yin, 1994).

In order to strengthen understanding of causal relationships among the constructs identified in the data, informant experience was tracked over time to identify chains of events. Time-series analysis improved the clarity of the data and strengthened understanding of causal sequences within it.

Examination of time-series was not confined to isolated relationships, but was the basis for both within case and across case comparisons.

Within these modes of analysis there was an ongoing reduction of data to increase the focus on key elements of the evidence. This process started with coding decisions in which less relevant evidence was put aside and that considered more relevant was coded and classified. Coding was initially based on a set of predetermined start codes drawn from the research model of the export process and included in the case study protocol.

The codes anticipate both obvious, descriptive, evidence and more interpretative, inferential, evidence being derived from the interviews and observation (Miles & Huberman, 1994). During analysis some codes became redundant and further codes were developed inductively to classify unanticipated evidence revealed in interviews and emerging features of the analysis (Miles & Huberman, 1994). As patterns and relationships are recognised within the data further “pattern” codes were created to identify these relationships in the data at a different level of analysis to descriptive and inferential codes (Miles & Huberman, 1994).

The use of a single researcher to carry out coding of informant interviews raised concerns about coder reliability (Kvale, 1996). In order to reduce this risk code checking was carried out by an independent co-researcher at an early stage of the analysis process using a single interview transcript from the first case firm. The independent co-researcher was given a copy of the case study protocol, including a list of start codes, and copy of the transcript formatted in lines for coding. On comparison with the researcher's initial coding for the same transcript an average coding consistency of 76.7% over 400 lines of transcript was found. This consistency compared very favourably with the 60% and 70% reliability suggested by Kvale (1996) and Miles and Huberman (1994) respectively.

In addition to facilitating comprehension through the focus and reduction of data modes of analysis employed graphic data displays as an aid to understanding. Graphical tools such as matrices, tables and networks were used to illustrate the magnitude and relationships of constructs and phenomena identified in analysis. In addition to this illustrative role “systemic network” displays were used as an analysis tool in data processing (Bliss, Monk, & Ogborn, 1983).

As data was continually reduced and focused, care was taken to ensure that it is not “stripped” of its contextual content (Miles & Huberman, 1994). To maintain a consciousness of the relevance of data, and in pursuit of the essence of their underlying phenomena, regular reference was made back to original full text transcripts of interviews and field notes. Throughout the process of data analysis, regardless of the mode employed, possible explanations for apparent relationships and propositions revealed by evidence generated a search for explanations. This search was ongoing throughout evidence gathering and analysis with explanations and conclusions held lightly as alternative explanations and rival propositions are pursued.

5.3.5 Conclusions

The method selection, design and tools selected for this study proved to be effective in addressing the research question in the research context. In addition this process provided the basis for framing individual case reports and for reporting the findings of across case analysis. Indeed, as case study reports were compiled concurrently with analysis they build on and extended the analysis process. This research design laid the foundations for the pursuit of an exemplary study in which the boundaries of evidence collection were clear, rival positions were considered and challenged, methods facilitated a clear audit trail linking evidence to finding and in which the design and execution of the study were consistent with the research question, context and objectives.

5.4.0 Limitations of Methodology and Method

The methodology, research method and research design for this study may be subject to criticism. These criticisms may suggest limitations in the research findings on ideological grounds or for practical reasons of validity and reliability. In preparing for and in executing this study these potential criticisms and limitations were recognised and efforts were made to mitigate them in the careful selection of methodology, the practical research design, and in the study's execution.

Ideological criticism and suggestions of limitation in the use of qualitative methodology for this study may come from extremes of epistemological thinking. At the extremes, and across the spectrum of thinking, schools of thought, paradigms, are inclined to be critical of outsiders with proponents sticking together for mutual support (Kuhn, 1962). Although ideologies have changed over time, and in spite of arguments for moderation in debate (Lakatos, 1978), significant diversity of epistemological views about the appropriateness of research approaches remains (Phillips, 1987).

The positivist/post-positivist extreme of epistemology may suggest that this qualitative research is “sloppy or unsophisticated” (Glaser & Strauss, 1967) or that such researchers are “journalists or soft scientists” (Denzin & Lincoln, 1998). In levelling these criticisms those ideologically committed to quantitative research methods may see *their* science as more rigorous and good reason to “legislate” one version of science, *theirs*, over another (Denzin & Lincoln, 1998). However, in pursuit of supremacy these critics of qualitative research have an expectation of accuracy and rigor that they do not achieve themselves (Glaser & Strauss, 1967).

At the other, more subjective, extreme of thinking, the epistemology of constructionism and methodology of phenomenology, which underlies this research, may be considered inappropriate for the investigation of the complex human activity involved. Ideological schools such as postmodernism and post-structuralism may suggest that any measure of the world is filtered through selective lenses, which adulterate the view of the observer and the observed (Denzin & Lincoln, 1998). Indeed even the notion of language as a vehicle for conveying and understanding social phenomena may be questioned by those with these more extreme epistemological views (Gergen & Gergen, 2000).

It was within this diversity of ideological views that the epistemology and methodology for this study were defined.

While the selection of a research approach focused on the research context and research question, awareness of alternative views served to temper and strengthen the selection process. Indeed, just as extremes of view and the controversy they engender are good for science (Feyerabend, 1987) and have contributed to this study.

Further, practical criticisms may be levelled at this study's findings in respect of construct validity in the findings and the reliability in terms of potential replication. In designing the instruments for data collection and analysis the need to account for these matters was considered and addressed as indicated in table 5.5.

Table 5.5 Consideration of Validity and Reliability

Potential Criticism Grounds	Design Defence	Defence Application
Construct Validity	? Use of multiple sources of evidence	In evidence collection
	? Identify evidence links in time series	In evidence collection and analysis
Internal Validity	? Match patterns in evidence within and across cases	In data analysis
	? Develop and challenge explanations	In data analysis
	? Analyse patterns over time	In data analysis
External Validity	? Use replication logic across multiple cases	In case selection and research design
Reliability	? Use case study protocol across cases and processes	Research design, evidence collection & analysis
	? Develop and maintain a case study database	In evidence collection & analysis

In respect to validity, the use of specific tools and processes strengthened the qualities of the concepts identified in the findings and their internal and external relationships.

The use of multiple sources of evidence and time series analysis¹¹ ensured that concepts were clearly understood and that the boundaries between them were defined. The internal validity of concepts was strengthened by the identification of patterns in evidence within and across cases, the challenging of emergent ideas with alternative explanations and the identification of patterns over time. The validity of concepts generated by the use of these tools was underpinned externally by the use of replication logic in the selection of cases in which the phenomena to be investigated were likely to be present.

As to reliability, the underlying design and pre-structuring of the study clearly identified the procedures used in the research process. The use of a case study protocol to specify these procedures ensured the consistent application within and across cases. In addition, the maintenance of a case study database while facilitating the research process ensured consistent retrieval of within and across informant evidence. These tools provided a sound basis for this study and would facilitate any future replication.

¹¹ An analytic strategy in which patterns in single or multiple variables are considered over time (Miles & Huberman, 1994; Yin, 1994).

In identifying the methodology, the selections of case study as the method and in the design of this study potential criticism were kept in mind. The care taken in the identification of processes and in the design of specific instruments should relieve critical concerns that may be levelled at the study. Although the objective of the study was to produce insight rather than a wide understanding the attention to detail in the study's design may allow some readers to place the study's findings in a wider context.

5.5.0 Ethics

In undertaking this study the interfaces with human informants raised ethical considerations that were an important part of the research design and execution. An interview is an invasive process which “lays open thoughts, feelings, knowledge and experience not only to the interviewer but the interviewee” (Patton, 1990) (page 353). Within the interview process, in making observations and in the resultant data analysis and reporting, research practices were designed to reconcile the demands of the researcher’s science with the right of individual informants to privacy and free choice (Cook, 1991). While some researchers may value covert interview practices as a tool to identify greater “truth”, such practices not only violate the rights of individual informants, but also are likely to detract from the evidence gathered (Guba & Lincoln, 1981). Indeed the use of good ethical practices underlies the neutrality that this social research seeks to achieve and supports the validity and reliability of research findings (Christians, 2000).

As a framework to achieve good ethical standards Waikato University’s Handbook of Ethical Conduct in Research 2001 was used as a benchmark. As required by The University of Waikato’s Human Research Ethics Regulations 2000 (Waikato, 2001) the researcher was responsible for ensuring that this research complied with the University’s regulations.

In conforming to these regulations the University's ethics approval was required before fieldwork proceeded. This approval was sought by the researcher and granted by the University. The University's regulations further require that researchers obtain informed consent from interviewees before their participation in interviews. In conforming to these requirements all participants were asked to and did sign a Consent Form for Participants before participation in interviews. To inform interviewees about the proposed research prior to their completion of the Consent Form for Participants and participation in interviews they were asked to read a written Participant Information Sheet.

In implementing these standards, to safeguard the rights of case firms¹² and informants participating in this study, value free principles were employed in the evidence gathering interviews and in direct observation at firm sites.

These principles included:

- ? Ensuring interviewees participated on the basis of informed consent.
- ? As part of ensuring informed consent there was no intentional deception of informants at any stage of the research process.
- ? The privacy and confidentiality of firms and individual informants was safe guarded throughout the research process.
- ? The evidence gathered and its subsequent analysis and reporting was as accurate as the processes involved reasonably allowed.

¹² As informants held senior positions in case firms it was expected that their consent encompassed their firms, if not specific consent was to be obtained.

Once the researcher entered the informant's environment they introduce themselves and reintroduce the study immediately (Guba & Lincoln, 1981). The quality and courtesy of this initial introduction will set a tone and standard for the whole interview process (Guba & Lincoln, 1981). This introduction was followed by a more detailed explanation of the study, using the Participant Information Sheet, with the explanation culminating in completion of the Consent Form for Participants by the informant. Should an informant have been reluctant to proceed at this or any other point it was the researcher's intention to withdraw. In addition to ensuring the informed consent of informants prior to interviews the confidentiality of informant evidence and firm data was ensured by the use of pseudonyms in the data analysis process and in reporting findings.

5.6.0 Conclusions

In selecting the methodology, research method and specific research tools for this study particular care was taken to focus on the research objectives and the production of reliable findings. The identification of phenomenology as a methodology, while at odds with the dominant approach to export research, allowed a focus on the depth of understanding that the research question demanded. In addition phenomenology's quality of drawing on existing theory allowed the use of the preconceived research model to frame the study and facilitated a grounding of the findings in existing thinking.

Case study method proved to be an able vehicle to deploy a variety of research instruments, within a phenomenological framework, in the research context. The evidence collection tools suggested in case study literature provided the high level of insight that the research question demanded within the pre-structured framework identified in the study's design process and incorporated in the case study protocol. The consistency afforded by this pre-structuring extended into the analysis process and provided a framework for reporting the findings.

While the findings of this study may be controversial in terms of present export thinking the design and execution of the study has endeavoured to provide a clear picture of export practitioner understanding. The validity and reliability of the study's findings are reinforced by the inclusion of specific research design features to address such concerns. The description of the study's research vehicle in this chapter shows how the study was conducted and how this thesis interfaces with other export research findings.

Chapter 6 Within Case Analysis and Findings

6.1.0 Introduction

This chapter introduces the firms who participated in this study and then presents the findings of within case analysis in each firm. Firm characteristics are presented to set the context for the study while informant characteristics confirm their position in that context. Understanding of individual cases drawn from within case analysis provided the foundations for across case analysis and the findings of the study. Within case analysis for each case was carried out concurrently with data collection for subsequent cases using the research tools discussed in Chapter 5.0, Method Selection and Design.

Within case findings are framed using the concepts proposed in the study's conceptual model, before focusing on export activity generated indicators and their application in export strategy processes. Analysis of the case data concurrently with data collection resulted in an increasing focus in data collection as past analysis informed future field work. This has resulted in robust findings that achieved a high level of detailed insight by the time theoretical saturation was achieved. The chapter begins by presenting case firm and informant characteristics in section 6.2.0 followed by the findings from individual within case analysis in section 6.3.0 and the chapter concludes with section 6.4.0.

6.2.0 Case Firm Characteristics

Eight specialist processed food exporting firms participated in this study.

These firms were selected on the basis of geographic convenience from a database of potential firms compiled by the researcher from publicly available information. In compiling the data base it became apparent that there was a dearth of potential cases in the researcher's own Bay of Plenty district, necessitating the use of a widely dispersed sample frame. The geographic distribution of the case firms is illustrated in table 6.1.

Table 6.1 Geographic Distribution of Cases

Region	No. of Cases	Distance from Researcher's Base
Bay of Plenty	2	80 kilometres
Waikato	2	120 kilometres
Auckland	3	250 kilometres
Wellington	1	400 kilometres

The principal operational sites of all case firms were visited to conduct interviews; in addition the researcher made field notes of site observations and collected further supporting evidence directly from firms and through the media.

The Case Firms

The firms which participated in this study were all New Zealand based exporters of specialist processed foods. While their products may have been derived from New Zealand primary agricultural production they are subject to high levels of processing and presented as products not commodities, as shown in table 6.2.

Table 6.2 Firm Products and Positioning

Primary Industry Origins	Export Product*	Product Description	Product Positioning
Dairy Farming, Cases 3, 6 & 7.	Cheese	Specialist boutique cheeses.	Food service through airlines and hotels.
	Retail Dairy Products	Aerosol creams and toppings.	Supermarkets and food service.
	Dairy Ingredients	Highly refined milk extracts.	Ingredients in health and sports foods.
	Dairy Sauces	Flavoured butter and spreads.	Supermarkets and food service.
Goat Farming, Case 2.	Goats Milk	Dried and whole goats milk.	Retail infant food and dietary supplements.
Meat Farming, Case 4.	Highly Processed Meats and Deli Products	Specialty meat cuts, salamis & condiments.	Food service.
Horticulture, Case 5.	Prepared Fruit Ingredients	Yoghurt and bakery fruit filling.	Ingredients for large food industry firms.
Apiaries (Bee keeping), Case 1.	Bee Products	Honey and honey extracts.	Nutriceuticals in chemists and health food outlets.
Not Agriculture or Harvest Based, Case 8.	Steam Puddings	Single serve microwavable deserts.	Supermarkets as branded or own brand.

* One firm has two distinct product ranges

This range of products and their positioning indicates that the firms are specialised and focused on niche food markets. Even where firms are ingredient suppliers their focus is on narrow high value segments in their markets.

While all the firms may be described as small or medium enterprises their size varied significantly within the sample frame. This diversity of size is illustrated by their staff numbers in table 6.3.

Table 6.3 Staff Numbers

Staff Numbers	Number of Firms
5-10 staff	1
11-30 staff	2
31-50 staff	2
50+ staff	3

All the case firms undertake their export activities from New Zealand but they have a variety of ownership arrangements ranging from private New Zealand limited liability companies to a foreign owned company; as shown in table 6.4.

Table 6.4 Firm Ownership Formats

Ownership Structure	No. of Firms
Private New Zealand Limited Liability Company	4
Farmer Owned Co-Operative	2
Unlisted New Zealand Public Company	1
Foreign Owned New Zealand Limited Liability Company	1

As may be expected, given the small to medium size of the firms, firm ownership is predominantly private. In addition, the presence of two farmer owned co-operatives indicates that some of these traditional New Zealand food industry firms have made a transition from commodity processing to specialised niche production.

All the firms had lengthy business experience and had exported for sufficient time to be considered established exporters. This business and export experience is shown in table 6.5.

Table 6.5 Firm Business and Export Experience

	Years in Business	Years of Exporting
1-5 years		1
6-10 years	1	1
11-15 years	1	2
16+ Years	6	4

For export experience of informants see table 6.7c.

The export experience of the case firms was also reflected in the percentage of their total production exported (export intensity) and in the diversity of their export markets; this information is shown in table 6.6a and b.

Table 6.6a Firm Export Markets

Number of Export Markets	No. of Firms
1-2	1
3-5	1
6-10	2
11 & Over	4

Table 6.6b Firm Export Intensity

Percentage of Production Exported	No. of Firms
10-25%	1
26-50%	1
51-75%	3
76% & Over	3

This information shows that these firms are committed exporters with diverse export markets and high export intensity. Together these characteristics confirm that the firms in the sample frame are all established businesses that are experienced exporters of specialist food products.

The Informants

Within each case firm senior executives with a responsible role in the firm's export activities were interviewed. Of a total of eleven interviews six were with the CEO or Managing Director and the balance were with senior divisional or regional managers responsible for export activities. Of the informants ten were male and one was female. They were all mature, predominantly well educated and experienced in export businesses. These informant characteristics are shown in table 6.7a, b and c.

Table 6.7a Informant Age Range

Age Range	Number of Informants
20-30 yrs	0
31-40 yrs	4
41-50 yrs	4
51 & Over	3

Table 6.7b Informant Educational Achievement

Informant Education (Highest Qualification)	Number of Informants
Masters Degree	3
Bachelors Degree	5
University Diploma	1
Secondary School	2

Table 6.7c Informant Export Experience

Years of Export Experience	Number of Informants
1-5 yrs	4
6-10 yrs	3
11-15 yrs	1
16 yrs & Over	3

For export experience of firms see table 6.5

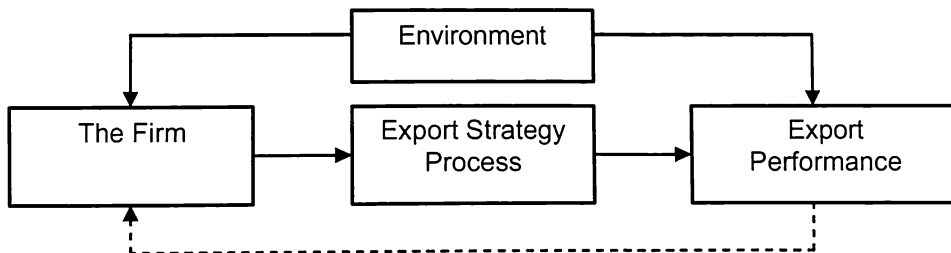
The preceding case firm data and the above informant data confirms the appropriateness of these firms as an example of literal replication (Yin, 1994) among New Zealand specialist food exporters and the credibility of the informants as experienced exporters. These qualities indicate that this group of firms is suitable for the application of the research methods discussed in Chapter 5 and to provide an understanding of the context for the within case analysis process.

6.3.0 Within Case Reports

The process of analysing interview transcripts and other case data employed the methods and tools identified in Chapter 5. The analysis process was carried out concurrently with fieldwork allowing early analysis, and thinking, to inform later data gathering, resulting in a dense data set and research findings. As cases were analysed findings were summarised in individual interim case reports from which the reports in this section were condensed.

Both the data gathering and analysis processes were framed using the conceptual model and case study protocol discussed in Chapter 5. The conceptual model, figure 6.1, used to frame the study was developed from past research and sees firm qualities and understanding of the environment deployed through an export strategy process to produce export performance outcomes.

Figure 6.1 Conceptual Research Model of the Export Process



In addition this conceptualisation suggests that firm perceptions of export performance outcomes may be a consideration in their export strategy processes. The concepts of environment, the firm, export strategy process and export performance were used to frame evidence gathering and subsequent analysis.

As analysis proceeded, the link anticipated in the conceptual model, between export performance outcomes and the firm, revealed itself as a stream of export activity generated indicators which informed the firms' export strategy processes. These export activity indicators were identified as formal performance indicators, informal indicators and situation indicators. Formal performance indicators communicate a historical, internal understanding of export performance, while informal and situation indicators provide a current perspective from outside the firm. Formal performance indicators are presented in accounting terms and measured against predetermined strategic objectives. Informal indicators convey external understanding of firm and product performance while situation indicators tell the firm about its environment and markets. Informal and situation indicators are gathered in dialogue or observation and may be presented orally or be incorporated into formal reports. A more detailed explanation of these indicators is presented in section 7.6.

As data collection and analysis preceded using predetermined instrumentation new concepts were discovered, as understanding of these concepts developed these were held loosely, keeping the researcher's mind open to alternative explanations and understanding. Throughout the analysis process the researcher's understanding of the nature of the preconceived concepts in the research model and those discovered in this study were frequently tested and modified. However the fundamental concepts making up the conceptual model, and their broad relationships, were sustained through this process lending support to the prior research on which the model was based.

The case reports below are presented in the sequence in which field work was undertaken and consequently reflect the increasing intensity in that process. In addition, in an effort to sustain impartiality, this analysis used different approaches between cases and this is reflected in differences in the presentation of material from some cases. Each report considers the firm in terms of the concepts of environment, the firm, export strategy process and performance that framed the study as a whole. Each report concludes by considering the relationship between the export activity outcomes, discovered in the study, and each firm's ongoing export strategy process.

6.3.1 Case 1, Bee Products

This firm manufactures and exports a range of honey and honey derived products sold as nutraceuticals¹³ through pharmacies and health-food stores. Since the late 1990s they have grown in size and increased the formality of their management design, “from a private firm to a corporate” (Observe 1.1, 25-26¹⁴). This deliberate strategy has seen management and operational functions become more sharply defined and control become focused on the Managing Director and the Board.

In understanding its environment the firm does not distinguish between its domestic and export markets, “we see ourselves as a global marketing company” (1.1, 10-12). In export markets, even where it has its own dedicated staff on the ground, its understanding of markets and competitors comes from its distributors. In addition, product focused information is drawn from specific qualitative research among consumers with this research indicating that “the perception of consumers is changing and quite favourably towards these sorts of products” (1.1, 581-583).

Although the firm has well defined management and appropriate operational capacity it is their products that allow them to achieve a premium price, “Our price is way above anybody else” (1.2, 467).

¹³ Food products claimed to have a medicinal or therapeutic qualities.

¹⁴ Evidence document and text unit number.

Indeed the strength of their brand is such that competitors are not seen as a serious threat, “we always tend to get the sales” (1.2, 464-468). This brand strength provides the focus for the firm’s strategy process.

Strategic direction is set by “an overall global strategy” (1.1, 6), which provides a basis for corporate strategy, “the vision and direction are pretty much where the strategy is” (1.1, 98-101). Strategy is reviewed every two years and communicated to all staff, to build a common vision, “So they’re all ... ruling from the same hymn book” (1.2, 89-90). Below this, operational objectives and strategies, addressing business functions, are developed from historical data with only the tacit co-operation of staff and distributors, “it comes down ... to the Communication Plan, the Marketing Communication Plan, down to a Sales and Distribution and Promotion Plan” (1.2, 82-85).

The firm’s perceptions of their performance are drawn from monthly reports from functional units against their financial and strategic objectives, which link the firm from top to bottom, “we have to submit monthly reports in to the CEO” (1.2, 607-609). In these reports money is the “ultimate” performance measure, “we’re very pleased ... things are taking us where we want to get, because the ultimate measures are up here [Points to financial measures]” (1.1, 466-470).

Drawing on monthly reporting, strategy is reviewed, changed and reprioritized to reflect changes in performance or circumstances “If it was ... irrelevant or now redundant ... Forget about it, and find one of the other initiatives“ (1.1, 618-621). Notwithstanding these formal procedures informal tactical communication and action, within strategic plans, allow the firm to react to the unexpected, “September 11 ... we start readjusting ... less staff, less temporary people” (1.1, 783-788).

While formal structured performance reporting dominates, informal feedback, as “noise” or “whispers”, from distributors and others are a further indicator of firm performance and of market situations, “how promotions went down, how advertising was perceived in the market, what our competitors are doing, what new products are coming on board, the outlook for the next six months” (1.2, 249-232). However, these informal indicators of performance and the firm’s situation are an adjunct to formal reports, “I would tack it on to the monthly report just as a reminder” (1.2, 639-643).

This informant evidence indicates that the firm’s export activity generates formal and informal indicators of performance and market situations which are considered in the review of strategy and in tactics.

Formal indicators, such as financial and operational reports, underpin strategic review and decision making at the board level and within functional departments. Informal indicators provide information about the place of the firm and its products in its markets and specific situations in those markets. The influence of indicators in the strategy process is illustrated in table 6.8.

Table 6.8 Case 1, Indicator Type and Influence

	Indicator Type	Tactical Influence	Export Strategy Formulation and Review Influence
Formal Indicators	<i>Financial Reporting</i>		Provides the "ultimate" measure of the firm's performance.
	<i>Operational Reporting</i>		Provides a basis to evaluate the performance of operational functions and the performance of special projects.
Informal Indicators	<i>Firm Activity Indicators</i>	Provide immediate feedback on ongoing export activities with activities adjusted to "real" situations.	Immediate indications of actual performance, complementing, filling in gaps, in formal reports.
	<i>Market Indicators</i>	Provide early warning of changes in the environment & informing reaction to opportunities and threats.	Informs the firm's strategy planning process of more real time market reality and opportunities and threats in that reality.
	<i>Opportunity & Threat Indicators</i>	A basis for evasive reaction to threats or to capitalise on short term opportunities.	Informs the firm's strategy planning process of realities not necessarily recorded in formal indicators.

In this case formal indicators of export performance are influential in the firm's process of strategy formulation and review. By contrast, informal indicators of firm performance and its situation are likely to be used tactically in the strategy process rather than in formal strategy formulation or review.

6.3.2 Case 2, Goats Milk

This firm is a goat farmer owned co-operative. It exports goats' milk supplements for infants and children, which utilize its specific nutritional qualities, to Taiwan and other East Asian markets. Raw milk for these products is supplied by its farmer owners and all processing is contracted out leaving the firm to focus on marketing their products.

The firm's understanding of its environment is drawn directly from its markets. In prospective markets specific research, "we do research on various countries, the possible marketing partners" (2.1, 97-99), provides a basis for partner selection and initial operational strategies. In established markets perceptions are drawn from dialogue with partners and observations on market visits, "feedback that we get from partners in the market or by being there ourselves can be at various different levels ... a lot of it is looking at the big picture" (2.1, 868-879).

The firm's conception of itself is held in terms of its management design and its resources. Management is structured functionally and communications are formal, however flexibility underlies those communications, "flexible is the word I'd prefer to use ... flexibility in a sense of being able to read quickly and make decisions quickly" (2.1, 433-437).

A key resource are the firm's marketing partners, "we call them marketing partners ... we have a direct link with them ... We plan jointly in terms of new products or whatever (2.1, 114-118). Partner relationships are the vehicle for high value products sales, "We have a product range which is very much at the top end of the market" (2.1, 7-8).

The firm's resources are deployed using comprehensive strategies. These export activities are conducted within over arching strategies using a framework of operational strategies for ongoing activities. The over arching strategies, "fundamental objectives", are established by the directors and senior staff, "which countries can we export our products to that meet our criteria" (2.1, 6-10), and reviewed annually. Within the "fundamental objectives" operational strategies guide export activities. These operational strategies are subject to intermittent review as the firm receives feedback from its markets, "looking for the trends in markets to see where we could, you know, alter our strategies" (2.1, 871-874).

The firm formally measures its export performance against predetermined objectives set in strategic planning, “we ... follow, planning fundamentals and set objectives that you can measure yourselves against” (2.1, 144-146), with this process extending to partner relationships, “if they can’t meet what we both consider to be reasonable sales targets, you’ve got to question whether they are the best partner to be with.” (2.1, 255-260). Further informal indicators of export performance appraise the firm of its position and performance in its markets, “we’re getting direct feedback from the customers or retailers” (2.1, 293-294), and market situations, “looking at the big picture as well, I mean, you know, looking for the trends in markets to see where we could, you know, alter our strategies or what ever ... there’s a whole variety of” (2.1, 871-873).

These indicators drawn from the firm’s export activities inform its export process. Formal performance indicators, internal to the firm, are considered in the context provided by informal indicators as a basis for future plans and activities, “I guess planning is basically based on gathering information and reviewing it and then planning again” (2.1, 750-752). This process of information flow, through export activity indicators, and export strategy review is illustrated in table 6.9.

Table 6.9 Case 2, Export Activity Indicator Influence

	Indicator Type	Indication Examples	Export Activity (Tactics)	Strategy Review and Planning
Market Situation Indicators	<i>Market Information (Feedback)</i>	Signs of market trends (872) and cultures (585).		Contributes to strategy review and alteration (873)
	<i>Competitor Indicators</i>	Innovative competitor packaging (307)		Provides a basis for product improvements (311)
Informal Firm Indicators	<i>Relationship</i>	Provides “gut feeling” about people and situations (190)	Feelings about what is right at the start of contracts (198)	
	<i>Product Feedback</i>	Consideration of markets in terms of the firm’s products (838).	Incremental improvements in products (619)	Complements other indicators in strategy review & reformulation (367)
	<i>Urgent Action</i>	Unanticipated problems (640).	Risk minimisation (640).	
Formal Performance Indicators	<i>Formal Accounting</i>	Indication of the firm’s financial performance (766).		An element of information in strategy review and planning (757).
	<i>Strategic Objective</i>	Objectives identified in the strategy review and planning process (134).		Provides an element of information in strategy review and planning (497).

Among these indicators, market situation indicators are drawn from observation in export markets and dialogue with export customers, “it is looking at the big picture” (2.1, 870-872), providing a basis for tactical action and/or strategic planning and review, “looking for the trends in markets to see where we could ... alter our strategies” (2.1, 870-873).

Informal firm indicators relate directly to the firm's products and relationships in markets, "we're hearing directly from the sales force ... we could do this, we'd have a better product" (2.1, 310-311), and may be translated in product change, "it can be a simple thing ... then it just becomes part of your product or part of your picture or part of the way you do things" (2.1, 619-621). More immediate are indicators requiring urgent action "It happens on a Friday night at five o'clock ... you do as much as you can to ... minimise risk" (2.1, 640-643). Formal performance indicators are historical, created internally to the firm and inform the strategy review process "It's just part of the way that we do business ... you need hard data, you know, it can impact on decisions made" (2.1, 772-777). Indeed, while all of these indicators are distinct they all play a part in the ongoing export strategy process "it's just part of a loop ... as time goes on and you're receiving more feedback and doing research or communicating or visiting markets ... build up more and more information ... you continually shape your strategies" (2.1, 496-500).

6.3.3 Case 3, Dairy Sauces

This firm manufactures a range of dairy based sauces and spreads which are exported to Japan. It is managed by its owner whose style is that of a benevolent autocrat with staff doing what they are told, “[I] Just tell them ... what I think is a good idea.” (3.1, 148-149). Within this management style export activities are conducted using flexible strategies which can be altered quickly as conditions change and new opportunities present themselves.

The firm sees its environment principally in terms of its current Japanese markets, where it seeks to expand existing sales rather than seeking new customers. Environmental information gathered in these markets, “just a gut feel by spending time in the market” (3.1, 128-131), has led to a perception that is changing to suit the firm’s products, “growth and Western style restaurants is what’s happened most rapidly ... So our products fit into that” (3.1, 474-479). Notwithstanding this focus on Japan the firm stays in contact with past customers in the United States, “I got to know some [US] market buyers ... now I’ve got an idea. I’m going back to them” (3.1, 170-173).

Although firm management is autocratic, with staff being told what is happening rather than being consulted, the atmosphere and communications on site are informal. The physical resources of their factory and plant, "a factory that's designed to cook, pump and fill" (3.1, 458-458), allow a narrow but flexible range of products which is continually evolving. The firm's greatest resource is their strong relationships with their two agents in Japan, "we have two agents in Japan. One looks after the retail market and restaurant chains and the other one looks after food manufacturers" (3.1, 30-32). The strength and value of these relationships has grown to a point where they generate new business, "we become known in the Japanese market so you have other companies approach you because they've been watching" (3.1, 587-588).

Strategic direction in the firm is decided by the proprietor. Within his personal agenda the firm's export activities are conducted using preconceived operational strategies developed with key personal and customers, "the food technologist and I go to Japan at least twice a year ... we visit customers ... and work in with them developing new products, to keep growing the market" (3.1, 46-50). In addition to seeking market growth a key strategy is avoiding competition, "we can't do anything that any of the big guys are doing because it's pointless even trying ... so you've got to pick on something they're not doing and hope that you can grow it quick enough and get it established well enough before they take notice of you and try and take it off you" (3.1, 276-282).

To grow and stay ahead of the competition the firm continues to innovate, “we’re forever trialling new products, continuously.” (3.1, 398). Although the firm has focus and direction they are quite prepared, where necessary, to change that direction, “If you don’t get re-orders. You have to think of another idea.” (3.1, 322-323). This flexibility allows them to react quickly to grasp potential opportunities “The reason we ended up in Japan really in the first instance was that I went up there on a JETRO Scholarship in 1988” (3.1, 87-89).

While the firm is required to have formal financial reporting to address statutory requirements this process is outside day to day operations in which dialogue with agents and the receipt of orders keeps them informed about their performance, “you try new product lines and presentations, so you soon know if they’re not working because you don’t get re-orders” (3.1, 315-318). Indeed market acceptance of products has everything to do with performance, “if the sales don’t grow, you’ve got a bum product” (4.1, 192). Even formal product reporting from Japanese supermarkets are an adjunct to immediate verbal communications, “we do a lot of in-store promotions, tasting ladies, that type of thing, and those reports are all formalised back to our importer who then gives us feedback” (3.1, 300-307).

Feedback from markets provides understanding of customer requirements and a basis for product adaptation, “It’s understanding more what the market wants and how you can adapt what are you doing to fit that market” (3.1, 523-524). This feedback comes as a stream of formal indicators of firm performance, informal indicators and indicators of market situations in which future export strategy will be applied. These indicators and their influence are illustrated in table 6.10.

Table 6.10 Case 3, Export Activity Indicator Influence

	Indicator Type	Indication Examples	Export Activity (Tactics)	Strategy Review and Planning
Informal Situation Indicators	<i>Market Information</i>	Industrial buyer preference for short lines of supply (230).		Withdraw from or avoid that market.
	<i>Competitor Information</i>	Competitors trying to take market share.		Focus on quickly maximising scale (290) & alternative niches (277).
	<i>Structural Information</i>	Plant regulations make firm uncompetitive (64)		“Step back” (68) find alternative markets.
Informal Indicators	<i>Relationship Status</i>	Retirement of long term contacts among agent’s staff (630).	Working to forge relationships with new younger staff (638)	
	<i>Product Feedback</i>	In-store product demonstration feedback (300)		Informs product development strategies.
	<i>Urgent Action Indicators</i>	Sudden changes in demand for firm products (351).	Quickly adjust operational activities.	
Formal Performance Indicators	<i>Formal Accounting</i>	Accounting reports not referred to in interview.		
	<i>Strategic Objective</i>	In terms of repeat orders & sales growth (192, 318)		Generates efforts to create new products (322)

Informal and situation indicators are gathered at the firm's interface with its markets and environment providing the context for strategic decision making. Informal indicators tell the firm about the market's attitude to it and its products providing a basis for tactical action and strategic change in the firm. In this firm while formal indicators appear secondary to informal indicators they provide a perception of product performance and this contributes to the firm's product decisions.

6.3.4 Case 4, Specialist Meats and Deli Products

This firm's¹⁵ core business is the manufacture and export of highly processed meats and delicatessen products to Asia. The vision and ideals that give the firm its direction are those of the owner, who seeks to add maximum value to New Zealand meat products, and her vehicle to pursue this vision are relationships with her suppliers and export customers. The owner works closely with her staff in managing the firm, consulting and relying on them for technical and product support. With the owner as the firm's brand, business is conducted at a person to person level rather than at a company to company level.

The firm's environment is food and in this context its domestic and export environments merge. Through personal contacts with ethnic communities in New Zealand information, such as food preferences, preparation and presentation, is gathered about potential export markets. This information informs the domestic supply of lean meats that suit non-European palates and provides understanding of local requirements in export markets. With this local bias visits to export markets are not frequent; rather there is an ongoing dialogue with export customers by telephone and facsimile.

¹⁵ Interview tapes lost, analysis based on field notes and third party interviews.

Although this firm is a one person band everyone has a contribution to make; meat workers are consulted about processes, the factory multi-tasks and staff cook and taste products to improve their understanding of product and process requirements. This consultative style of management extends into relationships in the firm's export activities, "[she] knows her export customers personally and is in personal contact with customers and personal relationships are instrumental in developing new customers" (Field Notes 4.1, 18-20). These relationships and a specialised understanding of food etiquette in export markets allows the firm to achieve a price premium, "The quality of the firm's products and their relationships with customers allows them to achieve a price premium, of about \$3 per kg, over their commodity oriented competitors." (Observe, 4.1, 37-40). Indeed, it is through these relationships that they learn about export markets and their performance in those markets.

Export strategy and activities are bounded by a long term vision, "[she] is into exports for the long haul and is not likely to change direction lightly" (Field Notes 4.2, 17-18). Within this vision the firm operates in its export markets using flexible strategies, indeed in export activities the boundary between strategy and tactics is not clear.

This flexibility allows the owner to be opportunistic, ready to grasp opportunities when they arise, “her export activities are constantly changing as opportunities are pursued and new demand is identified” (Field Notes 4.1, 83-85), and to be proactive in pursuit of sales growth, “suggesting products herself rather than waiting for customers to make requests or suggestions” (Field Notes 4.1, 39-42).

Relationships with export customers underlie export strategy and tactics with many of these relationships of long standing and increasing in intensity over time, “She used the example of a restaurant in Hong Kong where they started selling a supplementary product for the lunch menu and that has developed, over time, to a point where the firm is the restaurant’s principal meat supplier” (Field Notes 4.1, 79-83). Fundamental to these relationships is a high degree of trust, “[she] gave the example of export customers who state that she is the only person in the meat business that they can trust, however she indicated that while they may trust her she could not entirely trust them” (Field Notes 4.1, 20-24). Information drawn from these relationships apprises the firm of the nature of their markets, and customer perceptions of them and their products.

In their export activities the firm generates and receives formal and informal information about its export activities. Formal historical accounting statements draw on operational data to report the firm's export performance, "operational accounts provide input into the formal financial accounting reports ... of the firm's performance prepared every two months" (Field Notes 4.1, 102-105). While these formal accounts are important they are historical rather than immediate, "formal accounting oriented reporting ... comes too late for the immediacy of day to day business ... intuitive feeling for the firm's performance ... is a good indicator of the results shown in later formal reporting", (Observe 4.1, 43-47).

The firm receives informal indicators about their products from relationships in export markets, "personal relationships ... with her customers provide immediate feed back about ... customer views of the performance of the firm's products" (Field Notes 4.1, 85-88). In addition situation indicators tell them of opportunities and threats in export markets and provide a context for future activity, "[She] is in personal contact with customers and personal relationships are instrumental in developing new customers" (Field Notes 4.1, 19-20). However, where action is generated by formal or informal indicators it is prudent, "The interview suggested that signals from the firm's market don't change strategy, they rather inform new strategy and temper existing strategy" (Field Notes 4.2, 15-17).

In this firm, informal indicators of performance in export activities and of situations in export markets provide a basis for the review and revision of existing strategy and for tactical activity. In addition to these firm related indicators the firm learns about the situation and requirements of its markets and the tastes of consumers from informal indicators. Although formal accounting reports are prepared, these serve to confirm intuitive perceptions rather than providing new information.

6.3.5 Case 5, Prepared Fruit Ingredients

This firm is a manufacturer and exporter of prepared fruit ingredients for yoghurt, bakery fillings and use in large service restaurants. Their principal export market is Malaysia where they have followed customers, such as Nestle, Unilever and McDonalds, from their domestic market. The firm has not been trading profitably, however the shareholders have supported it in anticipation of it becoming profitable in the future and to this end strategies are in place to formalise firm design and to improve management control.

The firm views its environment regionally through its industrial customers and their strategies, "Nestle has a complementation strategy for Asia so ... makes all the coffee, Thailand makes all the non-dairy creamer, Malaysia makes all the yogurt" (5.1, 33-35). Environmental change is seen in technical terms with products becoming increasingly difficult to produce as food industry customers seek to differentiate themselves through their products, "you make the fruit piece and this is the spec ... That used to be how it was, now it is different, [it's] Give me your ideas" (5.1, 647-649). In addition, its customers are demanding shorter delivery times, "that's a given you have to deal with that, you've got to deliver yesterday." (5.2, 359-360).

The informants identified the firm's relationships with its customers as a key resource, with these relationships maintained, principally, by staff in the firm's Malaysian office and regular visits by the Managing Director. In these relationships perceptions of the firm's credibility are important, "they have a perception because we have been supplying NZDF, Mainland ... you've been supplying them for ten years ... so that makes us credible" (5.1, 153-156).

This credibility is underpinned by collective company experience, "when you talk of experience, the collective company experience is also important ... partly about being how do you call this, reliable" (5.1, 144-149).

Export strategy is framed within the vision of the firm's owners, "they want to grow the business and New Zealand is a small market, so ... have to export" (5.1, 5-8). Within this vision export strategies are constrained within specific financial and geographic parameters, "So there are financial goals, but there are only limited constraints ... we are not looking at America ... not looking at Europe ... not going to Japan" (5.1, 73-77). In recognising that simply manufacturing commodities is a marginal business, "You can still be a manufacturer but you'll have the tiniest margins" (5.1, 660-661), the firm employs "guerrilla strategy" or "cherry picking" to focus on service and customers rather than low price and dominance.

Within these constraints specific strategies address individual customers, “it’s quite structured but as far as the specific approaches to each of the customers it’s ... up to the business development people” (5.1, 114-116).

An important tool in export strategy is the Managing Director’s relationships with customers, “In Asia ... if the MD’s in the centre of his business he wants to be able to have access to the centre of the business of the other company he is dealing with” (5.1, 338-341). This and other relationships in export activity generate information flows which inform the strategy process, “some customers ... we don’t really value as a key customer, ... some products ... are sort of a side business for us ... so those products we don’t really give priority and we make the customers wait” (5.2, 175-183). In this process informal information together with objective measures of performance provide a basis for a formal operations and export strategy review process and informal tactical export activity.

Performance, the outcomes of its export activities, is seen in both quantitative and qualitative terms. Quantitative outcomes are measured against financial objectives, "financial goal for example of matching our true foreign exchange exposure is ... % of sales" (5.1, 63-65), and the strategic objectives set for individual customers, "We have a long-term objective ... with every customer" (5.2, 109-111). These formal indicators are presented in structured performance and quality reviews carried out periodically for specific customers and across the firm. In a wider context unstructured informal and situation indicators allow the firm to understand its position in its export context. Together these formal, informal and situation indicators apprise the firm of the outcomes of their export activities and their position in their markets to provide a basis for the ongoing process of strategy review "you have corrective action ready so you know this has happened in the past" (5.2, 302-305).

Within this firm a range of performance and non-performance related indicators were identified; the nature and influence of these indicators is illustrated in table 6.11.

Table 6.11 Case 5, Export Indicator Influence

Indicator	Indication Examples	Export Activity (Tactics)	Strategy Process
<i>Market Information</i>	Ask bakers who they buy their ingredients from (5.1, 250)		Decide where to target sales activity (5.1, 254)
<i>Customer Indicators</i>	Anticipation of future demand (5.2, 26)	Drives short term production planning (5.2, 15)	Drives long term production planning (5.2, 12)
<i>Competitor Indicators</i>	Competitors advantages in innovation (5.1, 654)		Drives change in perceptions and strategy (5.1, 671)
<i>Relationship Indicators</i>	MD relationships underpin inter-firm relationships (5.1, 339)	Relationships sustain firm relations through disputes (5.1, 356)	
<i>Channel Indicators</i>	Identifying the key roles within buyer DMUs (5.1, 378)	Penetrate buyer firms before competitors (5.1, 385)	
<i>Product Feedback</i>	Customer products, delivery grievances (5.2, 529)	Immediate corrective action is taken (5.1, 537)	Doesn't change strategic direction (5.1, 536)
<i>Urgent Action Indicators</i>	Products, delivery grievances (5.2, 529)	Immediate corrective action is taken (5.1, 537)	Doesn't change strategic direction (5.1, 536)
<i>Formal Accounting</i>	The firm's not trading profitably (Obs. 5.1, 33)		Owners vision of future potential not profits now (Obs 5.1, 35)
<i>Strategic Objective</i>	A sales (tons) objective is set for all customers (5.2, 109)	Where sales fall short customers are "chased up" (5.2, 18-20)	Used to establish operational plans for the firm (5.2, 152)

All these indicators provide information that is considered in strategy formulation and review and in tactical export activities within the firm's export process. Situation indicators provide feedback to the firm about conditions, external to the firm, in its environment. These may include information about conditions in individual markets, customers or wider relationships in markets. Relationship indicators provide the foundation for the firm's activities with customers in markets and are a key vehicle to understand the firm's export channels.

Competitor indicators keep the firm abreast of competitor activities and innovation, providing impetus for the firm to change its processes, products and services.

Informal product feedback indicators tell the firm about customer perceptions and expectations of the firm and its products, to provide a starting point for innovation. Similar urgent action indicators report customer grievances about products or delivery and activate a formal process in place to address these types of issues. Formal indicators in accounting reports, while important in the firm's management process, do not generate change in vision or strategic direction. Rather, export strategy review is guided by the achievement of strategic objectives which focus on individual customers.

While the firm gauges its export performance in financial and strategic objective terms these are considered in the context provided by informal and situation indicators it generates and receives in its ongoing export activity.

6.3.6 Case 6, Retail Dairy and Specialist Ingredients

This firm is a dairy farmer owned co-operative processing and exporting cow's milk products. It serves two distinctly different customers groups through sales of high value retail dairy products and ingredients for nutritional and pharmaceutical applications. This focus on high value gives the firm a "reputation of being at the serious end of milk" (6.2, 725-726). The approach of adding value to milk, rather than on increasing volumes of commodity milk products, underlies the firm's operations.

Export markets are the firm's environment, with retail dairy products competing in established retail markets and nutritional ingredients in growing and changing specialised markets. The nutritional ingredients market is focused on East Asia where industrial customers have very specific requirements, "this customer ... says I'm looking for ... a bio-active peptide" (6.2, 301-302). In retail dairy foods international trends in supermarkets change rapidly, "it doesn't take very long at all for trends in those supermarkets to feed out into other areas" (6.1, 220-223), however national markets continue to have specific tastes, "our cream's doing well in Malaysia and Singapore but here's Thailand telling us our cream doesn't compete because of flavour" (6.1, 535-537). In both its retail and ingredients markets the firm does not attempt to compete on price, "European and US producers are subsidised ... are invariably cheaper producers" (6.1, 56-58).

The firm is directed by a board of shareholders through several layers of management. Export activities are structured geographically, "we have one person looking after Asia, we have one person looking after Australia Pacific" (6.1, 195-199), however there is a shared understanding across markets and functional departments, "we bring in the accounting people, we bring in the operations people" (6.2, 525-527). Having distinctive products is an important resource, "We have a product range ... which includes some products which are rather specific to [us]" (6.1, 30-31), and these insulate them from the price instability of the commodity dairy market, "these products tend to stay at a fairly constant price. ... though they're based on milk" (6.2, 704-709). Indeed, "the firm uses product quality, product features and production flexibility to gain competitive advantage" (Observe 6.1, 55-60).

Historically export sales have had to be made through an agent, NZMP¹⁶, but deregulation in the New Zealand Dairy Industry has allowed the firm to deal direct, "because of deregulation. We now want to be talking to the customer" (6.2, 120-124). Dealing direct allows the firm to understand its customers, "being out and about and meeting the customers you learn an awful lot more than ... doing it all from base here" (6.2, 735-737). However this understanding is specific to individuals, "information that is trapped in the heads of people ... is an area of weakness and something that we are trying to focus on" (6.1, 585-588),

¹⁶ New Zealand Milk Products, now part of Fonterra, formerly part of the statutory monopoly dairy exporter

Export activities are focused by the vision of providing increasing returns to the firm's farmer shareholders, "What guides all our forward looking is maximisation of shareholder returns" (6.1, 34-36). This vision guides broad strategies in five year plans that provide a framework for flexible operational strategies. These operational strategies are flexible allowing changes to address opportunities which arise in export activities, "we have a saying around the place here you do a budget by 5 o'clock tonight by 8 o'clock tomorrow morning it will be wrong because we are not going to turn down new opportunities" (6.1, 496-499).

Operational strategies are formally reviewed annually, "if it's not taking us where we really want to be going, then either we discard it or we don't put time into it" (6.2, 387-391). However more immediate informal review of strategy allows the firm to address observed market change, "If shelf wobblers ... have become de rigueur in Singapore why aren't our guys putting shelf wobblers on the shelves" (6.1, 238-241). A key driver in periodic and informal strategy review is information drawn from dialogue in relationships with customers, "dialogue then tends to focus on new products and opportunities, servicing the existing business, the nuts and bolts of shipping the next container, reviewing sales and stocks positions" (6.1, 201-204).

As export activity proceeds the firm generates and receives information about export outcomes and changes in market situations. Among these return to shareholders is the ultimate measure of export performance, however this may not accurately reflect results, "there's a big push to get as much sold by then so that you can pad up the pay-out to the farmer shareholders" (6.2, 483-486). Beneath this, operational reports inform the annual operational strategy review process, "Profitability though is one area that's tackled right across the board" (6.1, 92-94), however these reports may also be less than precise, "Tending to intuitively do it with a pretty good idea of what the raw materials cost and hoping that the factors they've put in for the processing is correct" (6.2, 543-545).

The firm also learns about its, and its products, performance from its markets, "communication on successful activity in our ... markets ... We do a lot of work with our customers bringing samples of competitive products back for analysis and comparison" (6.1, 201-210), which informs strategy review "the whole objective at the end of the exercise is ... identify [what] ... we have done well, and has worked, what we have done well that hasn't worked" (6.1, 97-100). Further informal indicators are specific to situations in markets, "changes in their market in terms of competitor activity, legislation, which is really quite important for us in terms of some of the products we are dealing with, dangerous goods regulations, et cetera" (6.1, 160-163).

Formal performance indicators, informal indicators and situation indicators come together in the firm's strategy process to provide the firm with an understanding of their performance and their place in their export context, with this understanding used in strategic planning and future export activity. Among these indicators formal performance indicators communicate firm performance externally and internally to the firm to generate action as illustrated in table 6.12.

Table 6.12 Case 6, Formal Performance Indicators

Type	Origin	Consideration	Outcome
External	"why was the Taiwanese market this year more profitable ... than last year" (6.1, 58-59)	"part of this review process is face to face contact with our importing agents in various countries." (6.1, 60-62)	"if we take our prices back 10 per cent then we will be expecting you to go out and grab more customers" (6.1, 75-79)
Internal	"the biggest planning exercise every year is our business plan and budget" (6.1, 4-6)	"We are looking at a comparison of this last twelve months versus the twelve months prior to that" (6.1, 84-86)	"that then becomes the lead into the business planning exercise and budgeting exercise for the next twelve months" (6.1, 104-106)

Informal indicators from the firm's markets reporting on performance of the firm and its products may generate product customisation to achieve a price premium or the countering of customer attack using commodity price information as illustrated in table 6.13.

Table 6.13 Case 6, Informal Indicators

Type	Origin	Consideration	Outcome
Product	"he says, oh God, it's bitter. It doesn't have a good flavour" (6.2, 303-305)	"we give him an alternative, which is ... giving him flavour satisfaction" (6.2, 305-307)	"a product that is actually a Rolls Royce, and which we'll have to charge more for" (6.2, 313-315)
Firm	"This customer ... I would think we'd probably be talking about the market" (6.2, 172-174)	"the market is, for many products, influenced by the state of the commodity market, for dairy products" (6.2, 173-175)	"the commodity area doesn't impinge on the pricing for this niche stuff ... that's why we've got a niche " (6.2, 177-179)

Situation indicators provide contextual information about markets, competitors, structural matters, customers, products and processes as illustrated in table 6.14.

Table 6.14 Case 6, Situation Indicators

Type	Origin	Consideration	Outcome
Market	"last year ... we were going to fund a .. TVC advertising campaign for the pre Christmas period" (6.1, 463-466)	"The feedback ... was 'I know we told you we wanted to use a ... TVC advertising campaign but they've grown stale ... we don't think they are going to achieve the result we'" (6.1, 469-467)	"take the \$150,000 ... fill Weight Watchers and Slimming Magazine and Women's Weekly" (6.1, 474-477)
Structural	"Well it depends on what the objectives of visiting that particular customer are" (6.1, 155-156)	"legislation, ... important for us in terms of some of the products ... dangerous goods regulations, etc" (6.1, 161-163)	"Those types of issues, ... standard business practice stuff" (6.1, 163-165)
Competitor	(At a trade show) "a good importer they have all of a sudden got a huge range of non-dairy creams that they are really pushing hard" (6.1, 330-332)	"How is that going to impact on our 2.5 litre whipping cream sales, what do we need to do in terms of transport ... with pricing or ... with advertising and promotion" (6.1, 332-324)	"an ad in a trade magazine is enough to lift yourselves 15-20 percent overnight and gain half dozen new customers" (6.1, 336-338)
Customer	"he said to me I am buying ... from a European company. ... I will give you half the business if your product fits and the price can meet what I'm paying now." (6.2, 213-218)	"he's never seen one of our hydrolysates. ... not trying to get me, ... to compete on price with, ... the current supplier. ... probably by introducing a second supplier ... to keep the other one honest" (6.2, 218-224)	"established several years ago, but was not a particularly close relationship, I think that has to be really nurtured though" (6.2, 224-227)
Products	"went to a trade show saw that somebody was doing for the first time a bag or box of sour cream but it only had a 7 day shelf life" (6.1, 502-504)	"can we produce a sour cream UHT – no we can't but we can do it extended shelf life, we can give it a 90 day shelf life, if they keep it chilled" (6.1, 504-506)	"didn't have sour cream in our budget last year, we sold ... a quarter of a million dollars worth ... in the last three months" (6.2, 500-502)
Process	"we are a UHT ... based processing operation ...you go ... to a show you might see another process" (6.1, 383-388)	"Paul might go and see ... direct steam injection ... that's got application to close solids products or low solids products that will protect flavour better" (6.1, 388-393)	"then its just a case of following that through as well" (6.1, 391-394)

Each of these indicator types, formal performance, informal and situation, are gathered independently or concurrently before coming together in the export strategy process. While a single indicator may on its own generate strategic change indicators also come together to provide an understanding of situations in their context as illustrated in table 6.15.

Table 6.15 Case 6, Complementary Use of Indicators

Primary Indicator	Indicator Moderation	Strategic Outcome
"we have experienced 35 percent growth over the last twelve months" (6.1, 438-440)	"the withdrawal of a competitor, the only competitor in the market decided that 32 percent duty was beyond them" (6.1, 416-417)	"somewhere between 10 and 12 percent growth was far more realistic" (6.1, 452-453)
"a ... customer ... looking for a particular ingredient ... then the niche ingredient finds it doesn't quite have the right taste. Do" (6.2, 277-280)	"The customer ... is in sports nutrition, ... will not have the means to pay a top or a more developed product in the way that a company involved in infant formula nutrition ... can" (6.2, 291-295)	"You'd have to be fairly sure that your customer was going to go down the track with you I think before investing" (6.2, 316-318)

In this case firm export activity generates a stream of information about the firm and its environment which comes together to inform the firm's strategy review process and future export activity.

6.3.7 Case 7, Cheese and Ice Cream

This firm manufactures specialty cheeses a portion of which it exports to over 20 countries in Asia. Export efforts focus on the firm's relationships with executive chefs in airline catering and 5 star hotels, with sales in airline catering providing wide exposure internationally and reinforcing the quality of the firm's brand. Although recent trading performance has been poor a new factory and anticipated growth in exports are expected to improve returns.

The firm conceives its environment through the relationships it has with people in the food service industry. It has a clear understanding of its place in its market, "the gourmet indulgence type food ... that's the sort of market where there is strong growth ... strong desire for innovation" (7.1, 265-269). A key barrier in this market niche is the political nature of world dairy markets, "it's highly politicised to say the least, the dairy market is probably one of the world's worst" (7.1, 374-376). In this environment the firm can not always compete on price, "in our specialist category we are not necessarily price competitive. Our ... product features and on service" (7.1, 69-71).

The most important resource for the firm is their network of relationships, "we have, for our size; we probably have quite a remarkable networking" (7.1, 487-488).

In export activities networks and relationships are the vehicle for communications with customers, "it will range from just personal things, just relationships, right through to characteristics of products, trying to extract from them what their issues are, kitchen, how can we help there, provide training new ways to look at cheese, recipes" (7.1, 168-173). Within this network of relationships the firm operates in an "entrepreneurial" manner, taking risks and being "prepared to give it a go." (7.1, 246). However, recent strategic changes in the firm's management appear to be in conflict with this entrepreneurial style, "in the past two years ... we've brought in new levels of senior management ... a more formal communication process" (7.1, 388-391)

A vision of a place for the firm in the top, gourmet, end of world food industry provides a basis for the firm's export strategy. Within this vision broad objectives and strategies drive the firm's export activities. Strategies and objectives are reviewed periodically as circumstances demand, indeed specific operational strategic plans are "forever evolving" (7.1, 51) as the firm reacts to opportunities presented in its dynamic markets, "we are ... pretty reactive to opportunities that come our way out of our chosen sector of the market" (7.1, 58-60).

Personal network relationships provide the vehicle for the execution of export strategy, "we have developed our markets through the linkages we have" (7.1, 28-30), with the short shelf life and detailed nature of the firm's products sustaining those relationships, "because we are supplying small quantities ... We're literally working with them sometimes twice a week. So there is a lot of contact" (7,1, 319-323). In addition relationships provide important feedback on the markets and the performance of the firm's products in those markets, "we get feed back from our agents in our markets ... might be quality issues, it might be usage" (7.1, 189-191). This feedback provides a context to inform the firm's process of strategy review.

Export process outcomes are measured formally in financial terms, "we measure dollars we are not worried about the detail as long as there's a dollar in the equation" (7.1, 90-94), with measures considered against goals set in the firm's strategy process. In addition to formal financial outcomes the firm is aware of its performance in markets at a product level, "we're constantly learning from other people about our products." (7.1, 542-544), with some feedback driving product change "Cathay Pacific flight catering in Hong Kong will say we want you to do this, this and this ... we do quite a lot of customized product." (7.1, 214-218).

Information about situations in the firm's markets are a further outcome of export activities, these include customer specific information, "what their issues are ... look at cheese, recipes, how they structure their menu" (7.1, 170-173), or trends in markets, "far more acceptance of Western food in the Asian market" (7.1, 221-226). Together these export activity indicators inform the firm of their performance and position. In this process formal monthly financial reports are, where appropriate, tempered with informal and situation indicators of market reality, "You've got to temper ... to have a feeling for the reason why or to say that this is why it's happening or this is what we believe, so the balance of that." (7.1, 347-351).

In tempering perceptions situation indicators may influence export strategy and/or export activity as illustrated in table 6.16.

Table 6.16 Case 7, Action of Situation Indicators

No	Indicator Origins	Indication	Consideration Process	Export Process Outcomes
1 A	"being in the market, listening and reading the media" (7.1, 304-305)	"a trade battle going on ... the Thais have just shut their doors to ... European products" (7.1, 297-299)	"We're still a company that's small enough to ... communicate internally" (7.1, 316-317)	"customers are saying ... We shouldn't just be exposed to European products and an option is New Zealand." (7.1, 299-302)
1 B	"[A]competitors allowed some of our staff to visit their plants and we learnt, well, a hell of a lot" (7.1, 513-515)	"it was just an aspect of ripening cheeses that we were unaware of" (7.1, 524-525)	"we had a chat ... realised that this was ... significant in what we wanted to achieve in a certain range of cheese" (7.1, 536-538)	"and that we were able to modify by our designs to take account of that and it was very, very valuable" (7.1, 525-526)

In example 1A indicators of a change in trading regulations in Thailand are discussed informally, generating an alternative strategy of providing customers with another option for cheese supplies. Example 1 B sees firm staff observe a process new to them in a competitor's factory the importance of which was realised during an informal "chat" leading to its new plant being modified.

Informal indicators may generate export strategy process change as illustrated in table 6.17.

Table 6.17 Case 7, Action of Informal Indicators

No	Indicator Origins	Indication	Consideration Process	Export Process Outcomes
2 A	"constantly learning from other people about our products" (7.1, 543-544)	"we get feed back from our agents in our markets issues like, might be quality issues" (7.1, 189-191)	"product problems ... comes back, ... More quickly than most things" (7.1, 336-338)	"it is quite important ... there is a report to the directors and that sort of thing" (7.1, 338-339)
2 B	"[A] customer identified what they thought was a market opportunity for a product" (7.1, 252-253)	"we have done some flavoured products for the Japanese markets with some success and some not" (7.1, 244-245)	"we felt that we had technology in NZ to do it" (7.1, 253-254)	"we're quite happy to adapt and to use what ever we learnt" (7.1, 546-547)

Example 2 A sees the firm reacting tactically to a product problem with action quickly assimilated in the firm. In example 2 B the development of a customer specific product has generated a stream of new, and seemingly exotic, products "That's things like Barley Cream Cheese and barley grass cream cheese." (7.1, 249-240).

In the firm formal performance indicators are clearly defined performance and underwrite strategy review as illustrated in table 6.18.

Table 6.18 Case 7, Action of Formal Performance Indicators

No	Indicator Origins	Indication	Consideration Process	Export Process Outcomes
3 A	"largely they are fairly broad goals in terms of budget ... markets or segments" (7.1, 79-81)	"they are partly done against the goals in terms of things like net contribution and gross margin, that sort of thing" (7.1, 99-101)	"You've got to temper that ... it's often the context ... to have a feeling for the reason why or to say that this is why it's happening ... so the balance of that." (7.1, 347-351)	"get some economies of scale in freight ... so ... we have absorbed for a period of time some loss in terms of profitability ... you've got to build the volume" (7.1, 108-111)

In this example future strategic goals are set and export achievements are reported formally against those goals, however these formal indicators are considered in the context of the firm's export activities drawing on informal and situation indicators. This may mean that predetermined objectives are put aside, in the short term, while viable sales volumes are built up.

Although formal export performance indicators are the firm's principal framework for understanding achievement, they are considered with other indicators. In export activity, carried out within the framework of broad strategies, formal performance indicators, historical measures, are tempered by the reality of markets with new strategies deployed on the basis of entrepreneurial judgement, a willingness to "give it a go".

6.3.8 Case 8, Microwavable Steam Puddings

This firm has developed in 6 years from “a very small operation, which started in Fred's own kitchen” (Interview 8.0, 4-8) to a successful exporter of microwavable steam puddings. Export sales efforts focus on supermarkets with success in one supermarket chain providing leverage to penetrate further chains. Growth has put pressure on production capacity which, together with market pressures, has negatively influenced the firm’s financial performance, “we have been significantly under performing for the last, well, up to 3 months ago for 6 month period” (8.1, 461-466).

The firm perceives its environment in terms of its products, understanding that tastes differ little across markets, “we have not found a huge difference between UK, Canadian, New Zealand and Australian tastes” (Interview 8.0, 31-32), and that demand is seasonal, “It's very much a winter product” (Interview 8.0, 19-21). Within markets competitors are an important feature, “Big Sister is the big competitor in Australia. We ... pushed them down into a weak second place” (8.1, 259-264). However consumer preference, “they want pre-prepared convenience foods” (8.1, 712-715), and change in consumer preference, “further into ready made single serve, low preparation” (8.1, 722-724), present opportunities for the firm.

This firm is an autocracy with the Managing Director making all important decisions, "it gets put together, largely in here [points to his head] and the seat of my pants" (8.1, 508-509), however its management design and communications appear informal. The firm's marketing channels are different for each export market with an agent in Australia, a 50/50 subsidiary company in the UK and direct own supermarket brand sales in Canada. The firm's products are well established and recognised in the firm's markets, "The product appeals to people's traditional values ... Grandmother might have made them" (Interview 8.0, 51-53). The product's success is underpinned by the MD's knowledge and experience, "it is a matter of using your experience to say, well this is very important because if we can get a foot in the door with one chain then we know the whole country will open up" (8.1, 144-147),

Export strategy and activities are driven by a vision of sustained growth, "We think we can build that up to between 20 and 30 million dollars on the same sort of product range ... there is no reason why we can't go to the next stage of around \$100 million a year" (8.1, 683-689), however future growth is seen as coming from a wider product base, "That's not going to be based on steamed puddings but on innovative food products." (8.1, 687-689).

This vision is the basis for an annual planning process, "when we look at our overall marketing within New Zealand as well as Australia, UK and Canada" (8.1, 6-9), which sets sales targets for the firm, "the objectives are in terms of sales" (8.1, 58-59), and reviews and confirms broad strategies.

Broad strategies are implemented using flexible operational strategies which seek to leap-frog from supermarket to supermarket, "from one supermarket, having got established ... found it relatively easy to get the other supermarkets" (8.1, 127-131). The effectiveness of operational strategy is reviewed as it proceeds, "It is either successful or it's not. If it's not then OK how do we go about it, do we have another crack at that one or do we move onto another target?" (8.1, 59-64). Strategy review considers a variety of issues including financial performance, new products and market situations and is a platform for regular communication within the firm, "I will report on any new export activities and if we are targeting something or heading off on a trip tell them what we are heading for, we are looking for ... it's continuously communicated" (8.1, 40-44).

While export activities focus on day to day detail, "the business is made up a whole lot of minutiae" (8.1, 222-223), they generate important information. These information flows are the key element of firm decision making, providing a picture of their environment and their place in it.

Formal performance indicators in monthly financial reports provide a basis to understand the outcomes of export activities over time. However the firm's financial reporting systems are limited, "we haven't had ... the ability to break down profits by market or by customer" (8.1, 417-419), so the firm also uses individual country sales volumes as a further formal indicator of performance, "if sales are down for England we talk about why and, is it a long term trend" (8.1, 439-441).

Further specific product and firm performance feedback is drawn from the firm's customers and markets, "Loblaws in Canada were presented with toffee and date ... is there something else you can put in instead of dates?" (8.1, 649-651). In addition to sharpening the firm's perceptions of itself and its product's place in its markets, feedback from the environment in situation indicators provides context for reviewing export strategy and tactics, "that fits in because it's been a particularly warm April over there ... or looking at the markets there, Heinz is doing a lot of promotional activity" (8.1, 447-450). Further situation indicators build understanding of market and customer trends, "they want pre-prepared convenience foods but they want the nutritional value still in there. They want a great taste experience," (8.1, 711-714).

Together with information flows from export activity, formal performance indicators are used internally to provide a starting point for understanding the firm's position and externally as a basis for discussions with agents or staff in specific markets. However, formal performance indicators are not considered in isolation, "we'd not necessarily react because we are under for one month" (8.1, 460), and action is taken only when a trend is identified and confirmed, "if it was under performing in some area that eventually drives some action" (8.1, 456-459). Some formal performance indicators may, in themselves, indicate the causes for variation in firm performance while others are clarified using informal indicators or situation indicators "the sales go up and down each month. You don't know whether it is because of a big price promotion or what" (8.1, 501-504).

Informal indicators flow from dialogue with markets providing information about the firm's products and its actions as illustrated in table 6.19.

Table 6.19 Case 8, Informal Indicators

Indicator Type	Source	Details	Comment
Product	The Firm's agent in Australia	"They responded with a similar ... microwaveable product ... reports that he cannot find it anywhere now so it has since been eliminated" (8.1, 274-277)	Indicates a strengthened position of the firm's products in the Australian market.
Firm	Sainsbury's purchasing department	"We sent stock based on ... their proposed ordering and they didn't actually put the stuff in store until 6 months later and most of the stock ... therefore getting near the end of it's use by date" (8.1, 134-137)	The firm discovers that it needs more detail when accepting orders.
Urgent Action	A UK Supermarket chain	"we made this range of product for Morrison's ... which have directions ... slightly different to those that are on the Morrison's packet ... they found it a major problem and threatened to reject all the product" (8.1, 334-340)	The firm's product instructions are not to the required standard, they need pay attention to the detail of customer requirements.

These informal indicators provide information which generates immediate action, tempers ongoing strategic activity or contributes to strategic changes. Situation indicators about markets and environment may be used to inform export strategy and tactics as illustrated in table 6.20.

Table 6.20 Case 8, Situation Indicators

Type	Source	Details	Comments
Technical	Government Agencies in export markets	"there are legal requirements ... in the nutritional panels in the various countries" (Interview 8.0, 34-37).	Guides the design of packaging in individual markets.
Competitors	Informal feedback from markets	"it's been a particularly warm April over there or particularly cold April, or ... Heinz is doing a lot of promotional activity" (8.1, 447-450).	Help explain the firm's performance or situation in contexts specific markets.
Market Trends & Events	Informal media and industry sources	"it is picking up pace ... copying what's happened in the UK ... It's going further and further into ready made single serve, low preparation." (8.1, 720-724).	Identifies trends in consumer preference and points to potential future sales in the firm's markets.

These indicators elucidate the context of export activities, indeed without this information the firm's export process would be conducted in a vacuum.

In the export activities information generated or drawn from previous activities as formal performance, informal and situation indicators, is synthesised, either in strategy planning and review or tactical export action, as illustrated in table 6.21.

Table 6.21 Case 8, Synthesis of Export Activity Indicators

Formal Indicator	Informal Indicator	Situation Indicator	Outcome
"significantly under performing ... problems because of overstocking in the UK" (8.1, 461-466)	"relying on feedback from category managers who said ... Heinz product was not doing that well" (8.1, 491-492)	"in fact it's doing very well and clearly from the Neilson's data it is going to stay there" (8.1, 492-494)	"we had better forget about them falling over and focus on what we are going to do to grow" (8.1, 494-495)
	"it came from a customer ... developing it for them, they changed their mind, didn't want it" (8.1, 77-79)	"want pre-prepared convenience foods but they want the nutritional value still in there" (8.1, 712-714)	"It will have all the convenience factors ... and we will feed in some sort of trendy health bits," (8.1, 582-584)
"If it's not [successful] then OK how do we go about it, do we have another crack at that one or do we move onto another target?" (8.1, 58-64)	"we have only had one product range, that's steamed pudding ... It's what supermarkets you are in and what flavours of steamed puddings you launch" (8.1, 64-67)	"pre-prepared convenience foods but they want the nutritional value still in there... a great taste experience ... don't want to spend any time doing it" (8.1, 712-715)	"we have decided to diversify ... new products that are compatible with what our production facility ... how they might fit into particular markets." (8.1, 67-71)

In addition to contributing to export strategy and tactics these indicators may be used repeatedly over time "you get to know what things are going to work and what are not ... Tends to be we've done this before, probably works, we'll put that in" (8.1, 121-125).

6.4.0 Conclusions

The data collection and analysis process described in this chapter was a journey of discovery in which the diversity of the case firms held and excited the researcher's interest. It was impossible not to admire the enterprise of the case firms and the informant's enthusiasm for their undertakings. This individual enterprise and the diversity of the firms underlined the ideographic nature of business enterprises and the role of the entrepreneurial ability of individuals in developing and building these firms.

Notwithstanding the individuality of each firm, they shared common features and processes. All firms could be adequately described in terms of the concepts of the firm, environment, export strategy process and performance or export activity outcomes. In addition, all the case firms employ indicators from their past export activities to inform further export strategy and activities. Furthermore, for most firms personal communications in relationships in their export markets were an important vehicle for generating the indicators kept them informed about their markets and their place in them.

The repetition and consistency of these nomothetic features across firms became apparent as the field work and analysis proceeded, indicating the achievement of a clear point of theoretical saturation and providing the basis to cease data collection. While the focus in this chapter is on the individual character of each firm in the study, it was those features that case firms shared that provide a basis to advance analysis. In the pursuit of an understanding of common features across cases a process of across cases analysis was undertaken.

Chapter 7 Across Case Analysis and Findings

7.1.0 Introduction

This chapter describes the across case analysis undertaken in this study and the understanding that it generated of the export strategy process among the firms in the sample frame. While the within case analysis, presented in Chapter 6, focused on the nature of the export process in individual firms it also suggested the presence of common process elements across firms. To achieve a clearer understanding of the process that the firms share, this across case analysis considered the cases in the sample frame in groups and as a whole.

This analysis across cases synthesised the findings of within case analysis to induce a wider level of understanding (Noblit & Hare, 1988). To this end, groups of similar firms across the sample frame were identified, analysed and compared as a stepping stone toward a focus across cases as a whole. Intensity of understanding of the nomothetic qualities across cases was developed to the point where a conceptual model of the export process across case firms was postulated. This model suggests that current export activity results in a stream of indicators that are instrumental in shaping and driving future export strategy and activity.

In this analytical process the tension between that which is specific to individual firms, the ideographic, and those qualities that are shared across firms, the nomothetic, were reconciled (Cronbach, 1975; Silverstein, 1988). In keeping with the phenomenological methodology underlying this study informant experience, expressed in their own terms, provided the basis for the understanding of the export process that is common across firms.

After reviewing the within case findings in section 7.2.0, the creation of a matrix of summary case information begins the across case analysis process in section 7.3.0. The section continues by describing the use of the matrix to identify groups of like firms and then examines common export process concepts, including indicators of export activity generated indicators, within those groups. In section 7.4.0 the cases as a whole are examined for the presence and application of export activity generated indicators in their export processes. The presence and action of export activity indicators in groups and across cases is examined in section 7.5.0 using time series analysis and the process of indicator use is considered in section 7.6.0. The findings of these analytical processes are then brought together, in section 7.7.0, to produce a series of causal models of the export processes in groups of firms and across case firms. The analysis and findings described in the chapter are concluded in section 7.8.0.

7.2.0 Putting it all Together

This section describes the first step in across case analysis in which firm characteristics and the concept oriented findings from within case analysis were reviewed and considered collectively. The initial tool used to look across cases was a partially ordered meta-matrix of the individual within case analyses. This meta-matrix included columns for the quantitative firm characteristics and the four concepts used to frame the within case analysis. The framework for the partially ordered meta-matrix is illustrated in figure 7.1.

Figure 7.1 Partially Ordered Meta-Matrix Format

	Products	Quantitative Data	Environment	The Firm	Export Strategy Process	Performance
Case 1						
Case 2						
Case 3						

Compressed data was drawn from within case analyses and entered into the meta-matrix, this process, after several reviews, produced a one A3 page “monster dog” (Miles & Huberman, 1994). This matrix provided a basis to consider the case firms on a “variable basis” (Miles & Huberman, 1994; Ragin, 1989) using firm characteristics and the concepts of environment, the firm, export strategy process and performance. Consideration of these characteristics and concepts across cases was the first step in understanding the data set as a whole.

Firm Characteristics

Examination of firm characteristics, discussed in 6.1.0, indicated that these firms export a high percentage of their production of specialised food products to a diverse range of countries. While the firms ranged in size, from 140 staff to 9 staff, they could all be considered small to medium enterprises in the context of the international food industry. Although these firm characteristics and the experience of the firms, and the informants, in export operations confirm their suitability as a sample for this study they do not provide the depth of understanding required to examine the export processes of firms. For this the richer material provided by informants' perceptions of export process concepts were used.

Environment

Across cases informants perceive their environment in terms of their markets or their products. Within these perceptions they understand the tastes and changing requirements of the consumers of their products through their customers; distributors, food retailers, food industry manufacturers and food service purveyors. In some firms these perceptions are drawn from their relationships with their industrial customers or agents in their export markets, with understanding of the environment developed from dialogue in these relationships. In contrast, other firms appear distanced from their environments by their management processes and contractual arrangements, with their perceptions filtered through these mediums.

However, whether in close relationships in their markets or distanced from them, all firms have a grasp of changing consumer taste and see this change as an opportunity to grow their sales.

The Firm

The organisational structures of the firms in the sample frame are diverse. Some firms have formal organisational structures with defined layers of management with formal vertical lines of communication between them, a formality that extended into their markets in contractual arrangements with agents and partners. In contrast there are other firms with informal organisational structures, in which decisions are made and export action is driven by the proprietor or key individual executives acting autonomously.

In firms with more formal organisational structures the development of layers of management has been the result of deliberate strategies driven by a desire to ensure control as the firms grow, or a need to improve management control in the pursuit of profitability. Informal organisational structures in other firms were seen as a strategic advantage allowing them to operate flexibly at a personal level and quickly adapt to opportunities and threats. Indeed, where firms were pursuing strategies to improve control through more formalised management and communications they were conscious of the need to, if possible, maintain the capacity to operate flexibly.

In all firms their products were an important resource and most firms suggested they receive a premium price for them. Those firms with strong brands or highly differentiated products were most likely to see their products as their principal resource. Firms with weaker brands or no branded products appeared to place more emphasis on their relationships in export markets than on their products. Notwithstanding the relative importance of firm organisational structure or their products, in all firms it was their relationships with customers and others that is the vehicle for their export activities.

Export Strategy Process

All firms sought to deploy their resources in the environment through export operations using export strategy processes and all those processes were founded on some form of vision. In some firms the vision is formally developed and communicated, while in others it is held in the minds of proprietors and kept personal to them. In all firms this vision provides the framework for the formulation and review of objectives and operational strategies.

Across the case firms export strategy processes range from periodic structured procedures for strategy planning and review to those which are irregular, informal and opportunistic, quickly responding to opportunities and threats.

In all firms implementation of strategy in export activities is integrated with the firm's agents or customers in their export markets. Commitment from agents, the firms' relationships with them and their customers was perceived as a critical success factor in the export process. Indeed, for some firms the building and sustaining of personal relationships and networks of relationships were a strategy in themselves.

Performance

In most of the case firms structured processes were used for reporting export performance in formal financial terms and in terms of the achievement of strategic objectives. The importance of these formal reports ranges from them being the ultimate performance measure to simply serving to confirm an understanding of export outcomes drawn intuitively from informal export activity indicators. In addition to this formal performance reporting, firms generate and receive, as they undertake export activities, a range of informal indicators about the firm and its product's position in markets and about market situations. While these formal and informal indicators are not likely to change the vision-driven strategic direction of firms they provide the context for formulating future strategy, and temper strategy in strategy review processes and more immediate tactics.

The understanding drawn from the first consideration of the partially ordered meta-matrix of case information served to confirm the diversity of export processes across the firms. To generate a measure of initial clarity across cases the partially ordered meta-matrix was further reviewed in search of patterns and groupings within the case information.

7.3.0 Seeking Order Across Cases

To progress understanding across cases, groups of like cases were sought within the sample frame. The identification of like groups of firms condensed the analysis process from one of looking over eight cases to one of looking across three groups of cases. This section describes the process of selecting a framework with which to identify and classify like groups of firms.

As a first step in identifying groups of like cases within the sample frame the partially ordered meta-matrix of firm characteristics and export process concepts was condensed as illustrated in table 7.1.

Table 7.1 Summary of Part of Ordered Meta-Matrix

Case	1	2	3	4	5	6	7	8
Product	Bee Products	Goats Milk	Dairy Sauces	Meat, Deli. Products	Fruit Ingredients	Retail, Ingredients	Cheese Ice Cream	Steam Puddings
Informant Education	MSc, BCA	BMS	To 15 Yrs.	School Cert.	MBM BE	BAGSc BSc	Dip Tech.	MSc
Product Change	Rare	Incremental	Strategic	Ongoing	Rare, Tactical	Ongoing	Ongoing	Periodic
Point of Sale	Retail	Retail	Service & Retail	Food Service	Industry	Retail & Industry	Food Service	Retail
Export Channel	Distr.	Market Partner	Distributor	Direct	Direct	Distributor & Direct	Direct	Agent & Direct
Environment	Products	Markets	Markets	Relationships	Customers	Markets	Relationships	Markets
The Firm	Corporate	Corporate	Autocratic	Autocratic	Corporate	Mixed	Mixed	Autocratic
Strategy Process	Structured	Structured	Flexible	Flexible	Structured	Flexible	Flexible	Mixed
Performance	Formal	Formal	Informal	Informal	Formal	Mixed	Formal	Mixed

This increased focus provided a basis to search for commonality among firm characteristics and perceptions of export process concepts.

This search focused first on firm characteristics and then on the perceptions of export process concepts within cases.

Consideration of firm characteristics first reviewed the firm's products. Across the firms their products range in complexity without any clear pattern from, for example, the relatively simple goats milk of case 2 to the complex retail dairy products of case 6. In the absence of a clear pattern among the firms' products their point of sale and export channel characteristics were considered. In considering firm's point of sale and export channel characteristics there appeared to be a discernable pattern, with firms selling retail products tending to work through agents while ingredient and food service suppliers tend to deal direct with their customers, as illustrated in table 7.2.

Table 7.2 Firm's Product Position and Export Channel Relationships

Case	Product Type	Product Positioning, Point of Sale	Export Distribution Channel
1	Bee Products	Retail	Agent distributors
2	Goats Milk	Retail	Agent distributors
3	Dairy Sauces	Retail & Ingredients	Agent distributors
4	Meat & Deli Products	Retail & Food Service	Direct
5	Fruit Ingredients	Ingredients	Direct
6	Retail Dairy & Ingredients	Retail & Ingredients	Agents & Direct
7	Cheese & Ice Cream	Food Service	Direct
8	Steam Puddings	Retail	Agents & Direct

This relationship suggested that product positioning, point of sale, and export distribution channel may be a basis for classifying the case firms into groups.

Further consideration of possible group classification focused on firm perceptions or practice in terms of the concepts, environment, the firm, export strategy process and performance. Of these concepts, perception of the environment by case firms, in terms of markets and products while consistent across cases did not appear to be consistently related to any of the other concepts. By contrast there appeared to be a strong relationship across cases between the concepts of, the firm, export strategy process and performance.

In conceptualising the firm, informants referred principally to firm organisational structure, its internal communication processes and its resources. While resources varied significantly across firms there were clear patterns in terms of firm organisational structure. The firm organisational structure in several cases (1, 2, 5, 6 and 7) had several clearly identifiable layers of management and formal communication processes between and across those layers. This formality has resulted from specific identifiable strategies to improve control and manage growth. In other cases (3, 4 and 8) there are few layers of management and communications are informal, arrangements apparently sustained either to ensure the position of the proprietor or to maintain flexibility in operations. In all cases this relative formality of firm organisational structure appeared to extend into the firm's export strategy process and the communications underlying performance perceptions.

In firms which had formal organisational structures with layers of management their strategy processes tended to be structured and their processes for measuring performance were formalised. By contrast those firms' with informal organisational structures had flexible strategy processes and measured performance informally. However, these patterns, did not describe all firms, some firms, cases 6 and 7, while having formal organisational structures with layers of management were able to operate using flexible strategy processes and appeared responsive to formal and informal elements of export activity outcomes. These patterns of firm organisational structure, export strategy process and performance perception suggest that the case firms could be classified into three groups.

In addition, these patterns within export process concepts appear to extend into some of the firms' characteristics. Among firms with a structured strategy process, product change is rare or incremental while those with a flexible strategy process product change was perceived as either strategic or ongoing, as illustrated in table 7.1. Furthermore, the firms which had less formally educated management and were owner operated had informal firm organisational structures and flexible strategy processes. These patterns of product change and informant education, while related to the export strategy process, did not appear to be related to market type, point of sale, of to export channel type.

This alignment of firm characteristics with firm organisational structure, strategy process and performance, while not conclusive, supported the suggestion that these export process concepts may be a suitable basis to classify firms into groups across the sample frame.

While discrete patterns were apparent across cases in the concepts of the firm, export strategy process and export performance those of export strategy process and export performance are closely related. Indeed, in within case analysis the “performance” outcomes of export activity in export activity indicators appeared to become part of a wider export strategy process. Further, it was apparent that there was a close correlation between perceptions of performance and the formality of export strategy processes among firms. This correlation and the interlinked relationship between the export strategy process and performance suggested that, in further considering them as tools for firm classification, the concept export strategy process should be used on its own.

The initial consideration of potential groupings across firms suggested two potential frameworks, a point of sale/distribution channel basis and a firm organisational structure/export strategy process basis. Of these two potential frameworks, the concept based framework, of firm organisational structure and export strategy process has support in both export process concepts and quantitative firm characteristics.

This support is stronger than that of the potential point of sale/export distribution channel framework, which draws only on quantitative firm characteristics. Furthermore the purpose of firm organisational structure is to provide a framework for the deployment of firm resources in export activities and this suggests that it influences the export processes and their concepts in all case firms. The stronger support for the firm organisational structure /export strategy process framework suggests that it would be a more appropriate framework to classify firms into like groups.

In addition to the support in firm's case data discussed above the frameworks have other wider differences. The point of sale/export distribution channel based framework focuses on factors outside the firm while the firm organisational structure/export strategy process based framework considers factors internal to the firm. Notwithstanding the relative merits of these frameworks, as this study seeks to understand the export process from the perspective of the firm; the firm organisational structure/export strategy process framework with its focus internal to the firm must be considered the more appropriate. Even though both frameworks have merit, a firm organisational structure/export strategy process oriented framework was seen as having the most merit and was selected as the basis to classify and analyse firms across the cases.

7.3.1 Case Grouping Identification

This section describes the classification of the case firms into like groups using the export process concepts identified in the preceding section. These concepts are firm organisational structure and the export strategy process. In defining these concepts the language and understanding of informants was used in an effort to ensure that analysis remained in touch with their experience.

As a basis to identify and appreciate informant understanding of these export process concepts consideration was given to their definition. The concept of the firm was considered in terms of the design of its organisational structure, be it deliberate or intuitive, of its management, with the levels of authority and the formality of communications between those levels being the criteria for classification (Chandler, 1982). The export strategy process was considered to be one of making and implementing decisions about the application of firm resources in export activities, within the bounds of the firm's broad vision. Classification of this process was judged in terms of the responsiveness of export strategy to change in export markets.

Drawing on the definition of the concept of the firm, case firms range from those with formal organisational structures to those with informal organisational structures. Those firms in the sample frame with the least formal organisational structures had management that could be described as autocratic. In referring to the concept of the firm, informants from firms formal organisational structures referred to their firms using the term “corporate”, “it’s becoming a bit of a miniature corporate” (1.1, 547-548). In contrast, informants in firms with informal organisational structures used autocratic comments such as “tell them ... what I think is a good idea” (3.1, 148-149) to describe their communications. This evidence suggests that the terms “corporate” and autocratic could be used as proxies to summarise the concept of the firm in across case classification of firm groups.

All case firms have clearly identifiable export strategy processes; however the responsiveness of these processes appears to vary across cases. The export strategy processes in some firms seem remote from immediate market signals and slow to respond to change while other firms appear to thrive on change and see it as presenting opportunities.

In firms with the least responsive export strategy processes informants used terms such as “pretty structured” to describe their operations. In contrast, in firms with more responsive export strategy processes informants referred to their operations as “flexible”. These terms used by informants suggest that the export strategy processes across firms could be classified as “structured” or “flexible”.

The terms informants use to describe their firms and their firm’s export strategy processes provided a basis to identify groupings across the case firms, as illustrated in table 7.3.

Table 7.3 Export Process Concept Derived Case Groups

Case	Product	Firm Organisational Structure	Export Strategy Process	Grouping
1	Bee Products	Corporate	Structured	Corporate
2	Goats Milk	Corporate	Structured	Corporate
3	Dairy Sauces	Autocratic	Flexible	Flexible/Autocratic
4	Meats and deli products	Autocratic	Flexible	Flexible/Autocratic
5	Fruit Ingredients	Corporate	Structured	Corporate
6	Retail Dairy & Ingredients	Corporate	Flexible	Flexible/ Corporate
7	Cheese & Ice Cream	Corporate	Flexible	Flexible/ Corporate
8	Steam Puddings	Autocratic	Flexible	Flexible/Autocratic

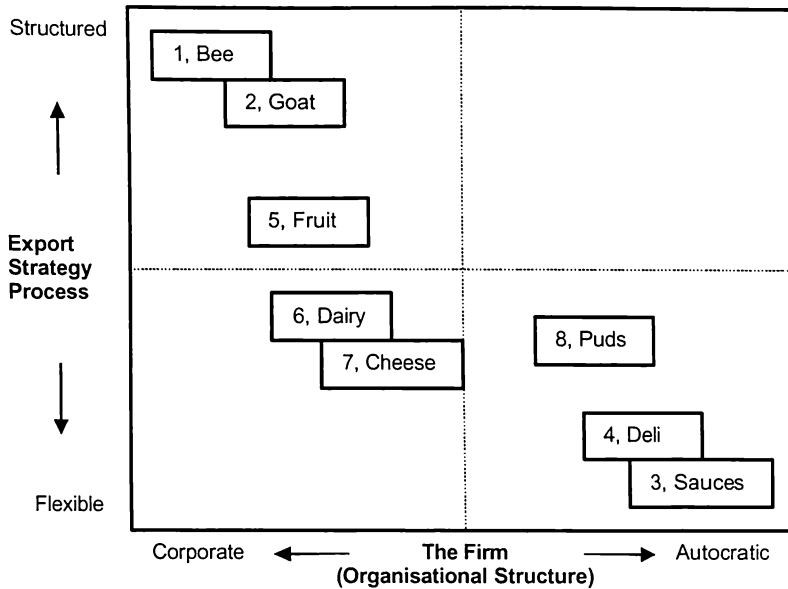
Consideration of informant perceptions of the concepts, the firm and export strategy process, within the definitions discussed above, indicated that the case firms could be classified into three groups, which were identified as corporate, flexible/corporate and flexible/autocratic.

Corporate group firms, cases 1, 2 and 5, are those firms with several levels of management between which communications are dominated by predetermined procedures and whose export strategy processes are defined as structured. Flexible/corporate groups firms, cases 6 and 7, while having several levels of management and formal communication procedures, maintain export strategy processes in which informality is an important feature. These firms are responsive to change in markets. Indeed, these flexible/corporate firms maintain a responsive export strategy process within and across their management levels and strive to maintain this. In contrast flexible/autocratic group firms, cases 3, 4 and 8, are flat organisations with few levels of management and informal management communications. Within these flexible/autocratic group firms, the export strategy process is very responsive to change in export process outcomes and change in markets.

While the results of this analysis make clear distinctions between each firm grouping there are variations between the firms in each group.

To clarify these differences firms were further examined using an informal scatter graph as illustrated in figure 7.2.

Figure 7.2 Graph of Case Firm Groups



The position of case firms in this graph clearly identifies the three groups, corporate, flexible/corporate and flexible/autocratic, suggested in table 7.3. In addition the graph indicates the range of qualities among the firms in each group.

Among corporate group firms, in the structured corporate quarter, case 5 employs a more flexible export strategy process than the other two cases while cases 2 and 5 place less emphasis of layered management and formal communications than case 1.

Among the firms in the flexible autocratic quarter, case 8 employs a more structured, less responsive, export strategy process and has relatively more levels of management and more formal communications than case 3 and 4. Similarly, relative differences can be noted between firms in the flexible corporate quarter, with case 6 employing relatively more formal management than case 7 and having a less flexible export strategy process.

Interestingly the nature of the concepts, the firm and export strategy process, in the corporate and flexible/autocratic groups suggests that firm organisational structure may influence the nature of their export strategy processes. Indeed it follows that firm management and communications arrangements will, in general, underwrite firm processes, including that of export strategy formulation, implementation and review. This tendency for the organisational structure of the firm to dominate process across firms is recognised by several firms in the sample frame and is the basis for efforts to ensure flexibility and responsiveness in the export strategy processes despite their formal organisational structures. While informants from several case firms articulated this, only two firms, cases 6 and 7, were identified as sustaining a flexible, responsive export strategy process within a formal organisational structure. These flexible/corporate group firms suggest that it is possible to operate flexibly while retaining formality in organisational structure.

The analysis illustrated, in table 7.3 and figure 7.2, indicates three clear grouping of cases across the sample frame in terms of elements of informant conceptualisation of the firm and the export strategy process. However, as illustrated in figure 7.2, the case firms remain distinct even within these groupings. Notwithstanding these variations the firms fit within each group without “the use of a shoehorn” (Miles & Huberman, 1994) to form groupings sufficiently homogeneous to be used as a basis for further analysis.

7.4.0 Understanding Export Process Concepts

The identification of groups of like firms within the sample frame provided a tool to further focus the study. This section describes how this focus was advanced by considering export process concepts within each group and then using the understanding generated to look across the export processes of all firms. This analysis enhanced understanding of the export process in each group and those features that were shared by all firms.

Using the groups of case firms identified in the preceding section a re-ordered meta-matrix using compressed data drawn from within case analysis, as illustrated in table 7.4, was prepared. This ordered meta-matrix provided a basis to focus on each group of cases in terms of the concepts, environment, the firm, export strategy process and performance, used to frame the study. This table with case firms in discrete groupings provided an opportunity to develop a deeper, more focused, understanding of the export process within each group and provided a basis for subsequent analysis across all cases.

Table 7.4 Firm Group Ordered Meta-Matrix

		Product	Environment	The Firm	Strategy	Performance
Corporate	1	Bee products	Demand greater than supply, no competitors, change favours products.	Corporate structure dominates. Brand the resource, premium paid.	Formal planning, reporting, review (vertical). Static marketing.	Structured, money & operational. Informal an adjunct to formal.
Corporate	2	Goats milk	Formally seek new markets; "first hand" market info. From partners.	Formal structure & partner relations, can act informally. Product, relationship resources.	Directors' "fundamental objectives" formal strategy, review respond markets.	Formal firm & partner objects., basis for strategy review. Informal market context.
Corporate	5	Fruit ingredients	Environment is customers, "give us your ideas" & rapid delivery.	Structured on product (3) lines. Credibility & relationship resources.	Owners' growth vision, strategies for customers. Relationships the vehicle.	Outcomes, quality, customer objectives. Informal shows position. Not profitable.
Flexible/ Corporate	6	Retail dairy & Ingredients	Two markets, dynamic, tastes converging & different.	Structured geographically, NZ change bringing them closer to customers. Internally flexible (entrepreneurial).	Vision, owners increasing return. Yearly review, flexible, react to opportunities & threats. Quality focus not price.	Ultimately return to shareholders. Internally identify product results. Informal, product perception & market context.
Flexible/ Corporate	7	Cheese and ice cream	"linkages". Growth in "gourmet indulgence type food" important. Barriers, dairy.	Becoming more structured but "prepared to give it a go". Product, brand & relationship network.	Vision, firm in world of quality food. Strategies "forever evolving", network relations.	"dollars", will carry losses. Product info. "feed back from our agents in our markets", from relationships.
Flexible/ Autocratic	3	Dairy sauces	Markets, visiting stores & trade shows. Growth in western food.	Autocracy "tell them ... what I think is a good idea", structure informal. Plant sets range, market relations resource.	Owner directs, strategy with customers, avoid competition. Quick change if required.	Product terms "sales don't grow, you've got a bum product". Understanding from Customers.
Flexible/ Autocratic	4	Meats & deli products	Food! Contacts in NZ immigrant groups & customers.	Benevolent autocracy, wide consultation. Ethnic food knowledge. High margins quality & relationships.	Owner's vision, flexible, proactive. Relationships & trust the vehicle.	Anticipated in "gut feeling" from customers. Market signals inform new & temper existing strategy.
Flexible/ Autocratic	8	Steamed Puddings	Demand (winter), competitors & changing demand.	Autocratic, agents & 50/50 JV in markets. Product quality resource.	Growth vision, broad strategy. Market focused, review using results & realities.	Overall formal & market sales reports. Market context. Recent results poor.

7.4.1 Concepts in Corporate Firms

Corporate group firms appear distanced from their environments. Case 1's brand strength allows it to view its environment with nonchalance, while case 2's view is taken through contractual arrangements with their agents and case 5's view through its food industry customers removes them from food consumers. This distance is reflected in the firm's information gathering. Cases 1 and 2 seek market and consumer information remotely, "basically that's been qualitative research with consumers." (1.2, 862-863), while case 5 draws its understanding from a narrow range of industrial customers, rather than from food consumers. Despite their distance from their customer's environments these firms do have an understanding of change in food tastes and realise the importance of these changes to their operations, "if you haven't got that direction in the market, ... you're nowhere" (2,1, 340-342).

As suggested in the identification of these corporate groups firms, they all have several distinct levels of management and employ formal communication procedures across and between these layers to provide the framework for their activities, "They [strategic plans] are communicated by the design of the organization" (5.1, 89). In these firms organisational structure provides a framework for the formulation, application and review of strategy and is the vehicle for the flow of strategic plans and performance information.

Strategic communication and reporting is formalised in ongoing operational activities, “We have a meeting once a month ... all the sales managers, the planning managers, ... operations manager and the production manager ... all the sales figures for the next 12 weeks ... are reviewed” (5.2, 141-144), and specific performance reporting, “I get regular monthly reporting from project managers as to the progress of their projects” (1.1, 413-416). A sense of formal organisational structure also extends into the execution of strategy where these firms rely on established relationships, “Well we call them marketing partners ... we have a direct link with them” (2.1, 115-115), with these relationships sustained over time, “McDonalds here is our customer for 20 years” (5.1, 15-16).

Understanding and communication of export process outcomes, performance, among these corporate group firms are predominantly perceived in formal financial terms and the achievement of strategic objectives, “we ... present this [strategy tree report] to the board on a monthly ... in a snapshot how we’re going on ... key measures” (1.1, 290-293). While they receive informal information from export activities, “we ... get some feedback ... look guess what’s happening here, look what’s happening here, they’re doing this, they’re doing” (1.2, 137-141), these indicators are unlikely, except in an emergency, to form an important part of this formal reporting, “then I would tack it on to the monthly report just as a reminder” (1.2, 639-641).

The emphasis on formality in levels of management, communications, and in the export strategy process, anticipated in the grouping of these corporate firms, is also apparent in their perceptions of the environment and performance.

7.4.2 Concepts in Flexible/Corporate Firms

Flexible/corporate group firms see their environments in terms of the dynamics of consumer tastes. Understanding changes in taste and demand comes from a range of sources in the firms' environment, "It usually would come from what we're hearing in the market ... medical, para-medical people are talking about nutrition" (6.2, 329-331), with the building and maintenance of relationships important in sustaining this information flow, "the hospitality and food service industry ... is a very mobile industry ... Chef A is in Singapore this year and may well be in Bangkok next year and we follow them" (7.1, 33-36).

These firms deploy their resources in export activities using formal organisational structures and predetermined periodic procedures. Beneath this formality, informality in relationships and communications ensures wide understanding of, and participation in, immediate issues for the firms. These formal and informal communications provide a vehicle for the firms' export strategy processes.

Flexible strategies keep these firms close to their customers and allow them to respond quickly to opportunities and threats. Strategic flexibility is apparent in “forever evolving” strategies that rely on the quality of products rather than on competing on price. Rather than relying solely on a core product range these firms continually develop new products and seek opportunities to service their customer base “Our service levels and willingness to customize ... is how we differentiate ourselves.” (7.1, 75-76).

Outside the statutory and stakeholder need for external formal financial reporting, “it comes out at the end of the year ... the pay-out to the shareholder farmer” (6.2, 488-489), and product oriented reporting, these flexible/corporate group firms grasp a wide range of informal information flowing from their export activities. This informal information provides the context for understanding formal financial reporting, “You’ve got to temper that ... cuts through ... records, it’s often the context ... to have a feeling for the reason why or to say that this is why it’s happening” (7.1, 347-351), Indeed without informal performance and situation indicators there would be a dearth of contextual understanding.

These flexible/corporate group firms employ formalised management and communication as a framework for their export activities. Within this formality informal day to day relationships and communications allow them to understand and be responsive to change and opportunities in their markets.

7.4.3 Concepts in Flexible/Autocratic Firms

Flexible/autocratic group firms consider and understand their environments in terms of their products. While case 3 and 8 draw their understanding from closeness to their markets, much of case 4's market understanding is drawn remotely from contacts in New Zealand, "learning about ethnic food in New Zealand helps her understanding of the culture in export markets" (Field Notes 4.1, 31-34). Notwithstanding this variation, these firms' perceptions of their export environment are drawn from direct personal experience, "I think that's essential whatever you're selling ... you go along with the distributor and present ... at the ... store yourself" (8.1, 395-399).

All important decisions among firms in the flexible/autocratic group, and many routine ones, are made by the owner acting alone with the staff *told*, or left to find out for themselves, what is happening in the firm, "because we ... process all this daily, we [they] know what is coming and going" (3.1, 351-352).

This organisational structure sees strategy closely aligned with the owner's vision and build on their relationships with customers and the trust that is inherent within them, "[she] gave the example of export customers who state that she is the only person in the meat business that they can trust" (Field Notes 4.1, 20-22). Hands on management allows these flexible/autocratic group firms to respond quickly, changing or adapting strategies to grasp opportunities or address threats, "It is either successful or it's not. If it's not then OK how do we go about it, do we have another crack at that one or do we move onto another target?" (8.1, 62-64). This responsiveness also ensures that these firms are quick to understand the outcomes of their export activities.

Perceptions of export activity outcomes, performance, are derived principally from informal and situation indicators and these perceptions may be confirmed subsequently by formal indicators. Receipt of informal and situation indicators "builds and sustains in [the informant] a "gut feeling" about how export markets are going and how the firm is performing within their markets" (Field Notes 4.1, 92-94). These intuitive "gut feelings" were a driver of judgemental evaluation in firms, "Well if the sales don't grow, you've got a bum product" (3.1, 192). The understanding generated by these "gut feelings" may be confirmed some time after their perception by formal performance indicators such as accounting reports.

Flexible/autocratic group firms draw on first hand experience and flexible export strategy processes to deploy their resources in export markets. The informality of their organisational structure and proprietor control allow them to be responsive to change in their markets and underwrites an informal view of export outcomes.

7.4.4 Export Process Concepts Across Firms

The preceding analysis of export process concept perception in groups of firms was reconsidered in terms of individual informant's experience to confirm and strengthen the concepts. The revised concepts were again summarised in an ordered meta-matrix as illustrated in table 7.3. This analysis shows that the firm groupings, corporate, flexible/corporate and flexible/autocratic, are distinctly different in terms of their perception of the concepts making up the export process. These differences are summarised in table 7.5.

Table 7.5 Export Process Perceptions in Firm Groups

	Environment	The Firm	Export Strategy Process	Performance
Corporate Group	Distanced from environment, aware of change.	Layers of management the framework for export activities.	Formal planning & review, execution via contractual relationships.	Formal reporting linked to plans, informal feedback mostly tactical.
Flexible/Corporate Group	Seen through relationships as dynamic consumer tastes.	Layers of management, flexible communications, close relationships.	Frequent ongoing review, execution via dynamic relationships	Context for formal reporting from informal feedback.
Flexible/Autocratic Group	Seen in terms of the place of their products in markets.	Owner makes all important decisions, informal communications.	Close to the owner's vision, quick to adapt as required.	Informal indicators tell of performance & position.

All firm groups see their environment as dynamic and appreciate the importance of this change in their export activities. Each group draws these perceptions through different filters, corporate firms use contracts, flexible/corporate firms use relationships, and flexible/autocratic firms perceive the environment in terms of their products. Through these filters the immediacy and importance of these perceptions varies, with corporate firms distanced from change in their environments while flexible/corporate and flexible/autocratic firms may be driven by it.

Each firm group has a distinct organisational structure. Corporate firms have several discrete layers of management which communicate formally, flexible/corporate firms while having several layers of management and formal communications maintain flexible informal communications in day to day activities. In contrast, flexible/autocratic firms have few layers of management and communication between and across them are informal.

In all groups it is the organisational structure of the firm that provides the framework for their export strategy processes and the reporting of export activity outcomes.

In corporate group firms the vehicle for strategy formulation, the execution in export activities, and for reporting export outcomes is their layers of management and formal communication processes. While the organisational structure drives export strategy processes in flexible/corporate firms their reporting of export outcomes are more eclectic than corporate firms, drawing on both formal and informal information to build perceptions of performance and market situations. In contrast the informal organisational structure of flexible/autocratic firms encourages export strategy processes that are responsive to informal indicators of export outcomes and situations.

Although there are variations in the perception of export process concepts between these groups of firms their understanding of the arrangement of and the relationship between them the export process is consistent across firms. All firms have an understanding of their environments and have strategies to deploy their resources in export activities in that environment. In all firms the detailed execution of export activities is part of an export strategy process, a process that is dynamic and reviewed in the light of past performance and market change.

The cohesiveness of the relationships between these concepts within case firms underscores the presence of some commonality in the export process across firms. However, the differences in the way the export processes are perceived in groups of firms suggested that their generation, gathering and use of the export activity indicators identified in within case analysis may also be different.

7.5.0 Export Activity Indicators: Presence and Application

In within case analysis the generation and collection of specific formal export performance indicators, informal indicators and situation indicators was identified within each case firm. This section describes analysis used to understand the presence and application of these indicators within firm groups and across firms. As a basis for this analysis the nature of classes and types of indicator were first defined.

As data collection and within case analysis progressed these export activity indicators were defined with increasing clarity as formal performance indicators, informal indicators and situation indicators. To understand these three classes of indicator in cross case analysis they were defined according to their origins, presentation, time relevance and reporting vehicle as shown in table 7.6.

Table 7.6 Export Activity Indicator Definition

Indicator Class	Origin	Nature	Presentation	Time Relevance	Reporting Vehicle
Formal Performance Indicators	Internal to the firm, based on what the firm has achieved.	Quantitative, must be measurable.	Predetermined by accounting practice or specific strategic objectives.	Historical and periodic.	Numeric measures delivered in formal reports.
Informal Indicators	External reaction to the firm's activities & products.	Qualitative opinions & quantitative descriptions.	Unstructured & structured, may be incorporated in reports.	Immediate, both periodic & irregular.	Observation or from dialogue in networks & relationships.
Situation Indicators	External to the firm, from (about) markets or environment	Qualitative opinions & quantitative descriptions.	Unstructured, but may be incorporated in and temper reports.	Immediate and irregular.	Observation, dialogue in relationships or published material.

As the table indicates, formal performance indicators are generated internally reporting the firm's view of its export performance, while informal and situation indicators are gathered externally reporting an external view of the firm, its products and its environment.

In contrast to informal and situation indicators, which are opinions and descriptions drawn from external dialogue, observation and externally published material, formal indicators draw on predetermined internal material to produce definitive measures delivered in reports using preconceived structured formats. The nature of these indicators dictates their presentation and timing. Formal performance indicators are historical, presented periodically in terms of established accounting practice or those drawn from specific strategic objectives.

In contrast informal and situation indicators are predominantly immediate, unstructured and often delivered orally rather than being part of formal periodic reporting.

While the difference between formal performance indicators and informal and situation indicators is distinct, informal and situation indicators are quite similar. The essential difference between, informal and situation indicators, lies in the nature of what they report. While situation indicators relay information about the firm's markets and environment, informal indicators refer to the place of the firm and its products in its markets.

While these indicator definitions provided a basis to identify classes of indicator there are differences within these classifications, based on the type of information reported. In within case analysis a variety of types of indicators were encountered, the incidence and nature of these indicator types is summarised in table 7.7.

Table 7.7 Export Activity Indicators Identified Within Cases

Indicator Class	Indicator Type	Present in Cases	Description
Formal Performance Indicators	Accounting	1, 2, 4, 5, 6, 7, 8,	Reports of firm financial performance.
	Strategic Objective	1, 2, 3, 5, 6, 7, 8	Reports of export results measured against strategic objectives.
	External	6,	Reporting firm performance to outside shareholders and agents.
Informal Indicators	Product	2, 3, 4, 5, 6, 7, 8,	Feedback from markets and customers about the firm's products.
	Firm	1, 4, 5, 6, 8,	Feedback from markets and customers about the firm's performance and place.
	Relationship	2, 3.	Feelings about the quality of contacts and relationships.
	Urgent Action	2, 3, 4, 5, 7, 8,	Urgent requests from customers requiring urgent change or remedial action.
Situation Indicators	Market	1, 2, 3, 4, 5, 6, 7, 8,	Information about the status of, or change in, the situation in the firm's markets or potential markets.
	Competitor	1, 2, 3, 5, 6, 8	Information about competitor products and activities.
	Consumer or Customer	4, 5, 6, 7,	Evidence specifically related to the nature and demands of consumers.
	Channel	5,	Indicators about the nature and status of the firm's distribution channels.
	Technical	1, 5, 7, 8,	Information about government regulation technical processes.

This analysis suggests that there are a number of indicator types common to most of the firms in the sample frame. Among formal performance indicators the generation and presentation of accounting and strategic objective indicators were identified in most of the firms, while the suggested external indicator used in one firm appears to be a specific type of accounting or objective indicator. Of the types of informal indicator identified product, firm and urgent action indicators were gathered by most firms, while relationship indicators, perhaps a specific firm indicator, were gathered by only two firms.

Among situation indicators, with the exception of the channel indicators mentioned in only one firm, market, competitor, consumer and technical indicators were all gathered in at least half the cases. This analysis identifies a set of indicator types that were present in most of the case firms. These indicators are shown in table 7.8.

Table 7.8 Indicator Types Employed Across Case Firms

Indicator Class	Indicator Types
Formal Performance Indicators	Accounting Strategic Objective
Informal Indicators	Product, Firm Urgent Action
Situation Indicators	Market Competitor Consumer/Customer Technical

In addition to identifying classes and types of indicators within case analysis showed that these indicators are applied in firms' export strategy processes. This application was apparent in firms' formal strategy formulation and review and in their more immediate tactical export activity. In addition to being directly applied in the strategy process, different classes and types of indicators may come together to inform and moderate each other in a process of consideration. The results of this synthesis of indicators may also provide a basis for strategy review or tactical action.

The identification of these classes and specific types of indicators and their role in the export strategy process provided the basis for consideration of indicator presence and application in groups of firms and across cases.

7.5.1 Export Activity Indicators in Firm Groups

Within case analysis identified the generation and gathering of export activity indicators in all case firms. In addition to this presence of indicators in firms these indicators were applied in their export strategy processes either in export strategy review or in their tactical export activities. Drawing on these findings within cases, this section considers the presence and application of each class and type of indicator among groups of firms.

The presence and application of export activity indicators in the corporate group was entered and considered in a matrix as illustrated in table 7.9.

Table 7.9 Corporate Group Indicator Presence & Application

Indicator	Type	Case 1 Present?	Applied	Case 2 Present?	Applied	Case 5 Present?	Applied
Formal Performance Indicator	Accounting	Yes	Strategy Review	Yes	Strategy Review	Yes	Strategy Review
	Strategic Objective	Yes	Strategy Review	Yes	Strategy Review	Yes	Strategy Review
Informal Indicator	Product	No*	Not Used	No		Yes	Strategy Review
	Firm	Yes	Not Used	No		No**	
	Urgent Action	No		Yes	Tactical Activity	Yes	Tactical Activity
Situation Indicator	Market	Yes	Tactical Activity	Yes	Tactical Activity	Yes	Strategy Review
	Competitor	Yes	Not Used	No		No	
	Consumer	No*		No		Yes	Not Used
	Technical	Yes	Tactical Activity	No*		Yes	Tactical Activity

*Data sourced from specific research outside export process

** Firm performance review with customers is formally institutionalised.

Consideration of this matrix indicates that the three firms in this group all produce formal performance indicators, in accounting and strategic objective terms, with this information used in the review of strategy. In contrast their gathering of informal firm and situation indicators from their markets and environment is sporadic and the information that is gathered is more likely to be used in tactical activity or disregarded than to be used as part of a strategy review process.

Given the focus of these firms on their internal management and processes (see table 7.4) this emphasis on formal reporting of outcomes is understandable, however less apparent is an explanation for their sparse use of informal and situation indicators. In cases 1 and 2, with an emphasis on formal firm management and an interface with their markets through entrenched contractual arrangements, one might expect less stress on informal and situation indicators. This remoteness from consumers and immediate market situations is reinforced in case 1 by the use of formal research outside their day to day export activities to investigate preference and trends. The remoteness of these firms' from the end consumers of their products in these market arrangements may reduce the perceived importance of more remote indicators.

In addition these corporate group firms have little regard for their competitors, indeed case 1 is blasé about the competition, “Our price is way above anybody else and we always tend to get the sales” (1.2, 467-468).

Case 3, as an ingredients supplier, deals directly with its industrial customers in well established routine relationships and consumer understanding is drawn and product innovations are pursued in terms of the apparently short term, strategies of specific customers, rather than seeking to follow or drive consumer trends.

This analysis suggests that corporate group firms place a greater emphasis on formal indicators than informal or situation indicators. This emphasis is strengthened by formal arrangements with agents in export markets and the strength of the firms’ products. Notwithstanding the emphasis on formal indicators, and their application through structured strategy review, these firms can react quickly to informal and situation indicators when necessary, “September 11 ... had an impact on us ... future forecasting system was detuned ... so we start readjusting to all of that, less staff, less temporary people around” (1.1,784-788).

Flexible/corporate group firms, in contrast to the corporate group firms, generate and receive a wide range of formal performance, informal and situation indicators which are applied across their export strategy processes. This indicator presence and application is illustrated in table 7.10.

Table 7.10 Flexible/Corporate Group Indicator Presence & Application

Indicator	Type	Case 6 Present?	Applied	Case 7 Present?	Applied
Formal Performance Indicator	Accounting	Yes	Strategy Review	Yes	Strategy Review
	Strategic Objective	Yes	Strategy Review	Yes	Strategy Review
Informal Indicator	Product	Yes	Tactics & Strategy Review	Yes	Tactics & Strategy Review
	Firm	Unclear		Yes	Strategy Review
	Urgent Action	Unclear		Yes	Tactics
Situation Indicator	Market	Yes	Tactics & Strategy Review	Yes	Tactics & Strategy Review
	Competitor	Yes	Tactics	Yes	Tactics & Strategy Review
	Consumer	Yes	Strategy Review	Yes	Strategy Review
	Technical	Yes	Strategy Review	Yes	Strategy Review

In these flexible/corporate group firms formal performance indicator reporting, in accounting terms or against predetermined strategic objectives, contributes to an understanding of the firm’s position in their processes of strategy review. However, in reviewing export strategy, this understanding is considered in the context provided by informal and situation indicators.

Informal indicators of product and firm performance are gathered in day to day dialogue, in routine export activities with customers in the firms’ markets and on specific visits to markets and trade shows.

This information stream is ongoing, with informal indicators keeping the firm abreast of how it and its products are perceived in its environment, "we're constantly learning from other people about our products." (7.1, 542-544).

In addition, this stream includes information about situations and change in the export environment as situation indicators. These situation indicators provide a market, competitor and consumer context for firm which, together with informal indicators, inform consideration of immediate tactical action and periodic strategy review. This indicator application is evident as tactical activity, "advertisements on light product in slimming magazine ... people are starting to think a little bit about their waistline" (6.1, 19-21), and strategy change, "we have done some flavoured products for the Japanese markets with some success and some not, but we were prepared to give it a go" (7.1, 244-246).

Flexible/corporate group firms generate, gather and apply a range of export activity indicators in their export processes. Formal performance indicators of export performance are complemented by informal indicators of firm and product performance and situation indicators of the immediate context in markets. These streams of information provide a basis for periodic strategy review and tactics in more immediate export activities.

Firms in the flexible/autocratic group make use of formal performance, informal and situation indicators generated from or gathered in export activities. The presence and application of these indicators is illustrated in table 7.11.

Table 7.11 Flexible/Autocratic Group Indicators Presence & Application

Indicator	Type	Case 3 Present?	Applied	Case 4 Present?	Applied	Case 8 Present?	Applied
Formal Performance Indicator	Accounting	Unclear		Yes	Confirms Intuition	Yes	Provides Overview
	Strategic Objective	Yes	Strategy Review	Unclear		Yes	Strategy Review
Informal Indicator	Product	Yes	Strategy Review	Yes	Tactics	Yes	Strategy Review
	Firm	Yes	Strategy Review	Yes	Tactics	No	
	Urgent Action	No		Yes	Tactics	Yes	Tactics & Strategy Review
Situation Indicator	Market	Yes	Strategy Review	Yes*	Strategy Review	Yes	Strategy Review
	Competitor	Yes	Strategy Review	No		Yes	Tactics & Strategy Review
	Consumer	Yes	Strategy Review	Yes	Tactics, Strategy Review	Yes	Strategy Review
	Technical	Unclear		Unclear		Yes	Tactics

*Consumer taste information drawn from domestic ethnic communities.

Although the flexible/autocratic firms generate formal accounting indicators of their performance this information is limited and lacks detail, “we haven’t had the ability to break down profits by market or by customer” (8.1, 417-419), or merely confirms intuitive understanding of results, “her intuitive assessment of the firm’s performance was ‘always within \$10,000’ of the formal accounting results.” (Field Notes 4.1, 105-110).

In the absence of a focus on formal accounting indicators in these firms their formal understanding of the firm's performance is drawn from indicators of the achievement of strategic objectives.

For example in case 8 product sales volumes are used as a formal performance indicator and in Case 3 the receipt of repeat orders is seen as a measure of export performance. These formal performance indicators of strategic objective achievement can provide a basis, in these firms, for the review of strategy. Interestingly in case 3, the receipt of urgent action indicators is unthinkable as any failure is unacceptable in their Japan market, "last thing you would want to have happen in the market is the customer to say ... I don't like that. Take it back, because they would change suppliers" (3.1, 559-561).

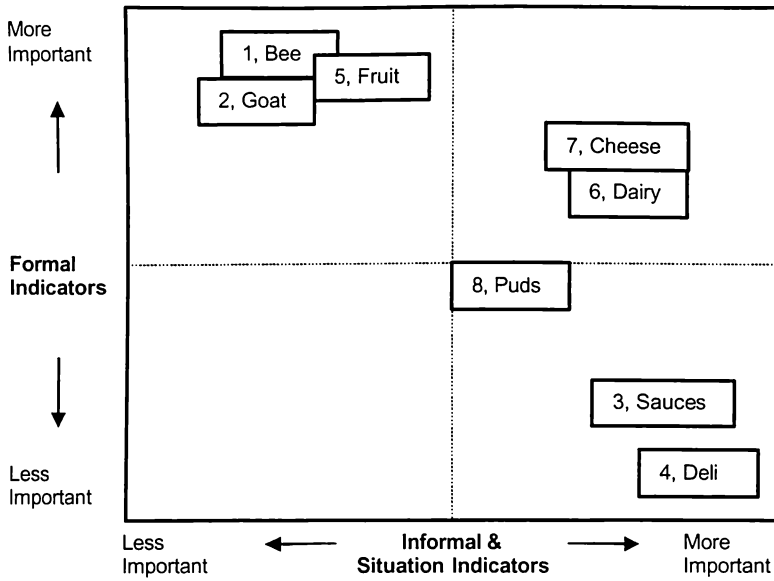
These firms receive a full range of informal and situation indicator flows which originate from their close relationships with their customers and other informants in their markets. The immediacy of informal and situation indicators is critical in providing early warning to their opportunistic strategy review processes and may contribute to tactical export activities. Instrumental in the gathering and use of these informal and situation indicators from export activities are the firms' autocratic leaders, "we usually get some sort of consensus or I just go on my own gut feel. Largely my gut feeling." (8.1, 255-256).

The export strategy processes in flexible/autocratic cluster firms focus on export activity generated informal and situation indicators rather than formal indicators of export performance. Indeed formal indicators are subordinate to informal and situation indicators in understanding the performance and position of these firms. The immediacy of informal and situation indicators appears to suit the propensity of the proprietors of these firms to act intuitively and facilitates their opportunistic strategy processes.

7.5.2 Export Activity Indicators Across Cases

The preceding analysis identified the presence and application of export activity indicators in each of the three firm groups. This section describes the process of seeking to understand the presence and application of export activity indicators across cases. To begin this analysis the use of indicators in individual firms was graphed, as illustrated in figure 7.3. To facilitate this presentation the notions of informal and situation indicators were combined.

Figure 7.3 Relative Importance of Export Activity Indicators



This graph suggested that while each firm’s use of formal performance indicators and, informal and situation indicators is different the relative importance of each class of indicator within firms reflects their grouping. If informal and situation indicators are considered separately, as illustrated in table 7.12, this difference in the presence and application of indicators is further accentuated.

Table 7.12 By Group Summary of Indicator Application

Group	Formal Performance Indicators	Informal Indicators	Situation Indicators
Corporate	Most Important in strategic review.	Occasionally influence tactics.	Not an important influence.
Flexible/Corporate	A basis for strategy review.	Support formal indicators.	Context for tactics and strategy review.
Flexible/Autocratic	Historical indicator of position.	Basis to understand performance.	Context for tactics and strategy review.

The emphasis in cases 1, 2 and 3, corporate group firms is on formal performance indicators, which drive review and change in their export strategy. In contrast cases 3, 4 and 8, flexible/autocratic group firms, the emphasis is on informal and situation indicators, which they gather and apply in their export strategy review and in tactical export activities, with formal performance indicators serving to confirm rather than drive strategic action. Interestingly case 8 places more emphasis on formal indicators than other flexible/autocratic group firms as a matter of strategic design, as they seek to manage the firm in the face of growth. A balance of these two approaches sees cases 6 and 7, flexible/corporate group firms, producing and gathering all types of export activity indicator and applying them across their export strategy processes.

While this analysis suggests all firms produce or receive formal performance, informal and situation indicators their application of this information in their export strategy processes varies. Indeed these patterns of usage do not result from the availability of these indicators as they, at least latently, are all potentially available to all firms. This suggests that the production or receipt of indicators and their application in export activity is driven by the firm's use of them in their export strategy processes.

7.6.0 Indicator Use in the Export Strategy Process

The preceding analysis identified and considered the presence and application of export activity indicators within like groups of firms and across case firms. While export activity indicators were present and are applied in all firms the detail of their origins, consideration and action, their use in firms was not clear. This section describes the use of time series analysis to elucidate indicator use within groups and across cases.

Indicator usage across case firms ranges from an emphasis on formal performance indicators among the firms in the corporate group to an emphasis on informal and situation indicators among the flexible/autocratic group firms. A more catholic approach among flexible/corporate firms sees them applying all available indicators in their export strategy processes. While the relative presence and application of export activity indicators across firms has been identified, the action of these indicators within firms' export strategy processes is less clear. To better understand this action export activity generated indicators were analysed using time series analysis under the headings origins, consideration and the resulting action (Miles & Huberman, 1994; Yin, 1994). In an effort to keep this analysis in the context of the study time series tables were framed in terms of the experience of informants.

7.6.1 Indicators Use in Firm Groups

Time series analysis of export activity generated indicator use in the corporate group is illustrated in table 7.13.

Table 7.13 Indicator Use in Corporate Group Firms

Example	Formal Performance Indicator	Informal Indicator	Situation Indicator	Consideration	Resulting Action
1	"various set of measures that are not just all financial" (1.1, 263-264)			"the ultimate measures are up here. [Points to financial measures]" (1.1, 468-470)	" these things are taking us where we want to get" (1.1, 466-469)
2	"	"you have Ansfar Regulations ... so if you have an issue ... a formally complaint" (5.1, 362-364)		"we are also actioning that on a top priority basis ... to retain your existing customers ... one of the main parameters on which a customer will judge you" (5.2, 271-274)	"a process where you can prove that the issue has been investigated and corrective action's implemented" (5.1, 364-366)
3	"how we've gone in the last six months, with some of our countries we've chosen" (2.1, 37-38)		"Have any other opportunities since arisen" (2.1, 39) [<i>From research outside export activity</i>]	"how have things gone. ... Do we re-prioritise" (2.1, 38-41)	"we look forward again to the next ... twelve, twenty-four months" (2.1, 42-43)
4			"see particular packaging innovations happening in the market" (2.1, 301-303)	"we can come back and see if we can do it as well" (2.1, 308)	"a simple thing that you can identify and do ... becomes part of your product" (2.1, 619-620)

These specific examples illustrate consideration and action in their time sequence resulting from indicators generated or gathered in export activity.

Example 1 shows a variety of financial and objective indicators confirming that strategy is effective, while various measures are reported the financial measures are the “ultimate measures”. A process generated by informal urgent action indicators is illustrated in example 2 where a formal process is in place to “prove” that action is taken in an effort to “retain existing customers”. Consideration of formal objective indicators in example 3 is moderated by situation indicators, from external research, contributing to the review of strategy for the coming year. Example 4 sees change identified in the firm’s market by a market partner, being considered in a review process in the firm and then translated into incremental product improvement.

These examples show the use of a range of indicators in a structured framework that gives priority to formal financial indicators. Indeed, it seems that among these firms as markets and relationships become established, the structure of formal indicators becomes more important than the immediacy of informal indicators, “gut feel does come in at the start of a project ... whereas once things get going, you know, the quantitative figures and so on, objectives, kind of thing [are used to measure outcomes]” (2.1, 209-214).

Analysis of the use in time sequence of export generated indicators among firms in the flexible/corporate group is illustrated in table 7.14.

Table 7.14 Indicator Use in Flexible/Corporate Group Firms

Example	Formal Performance Indicator	Informal Indicator	Situation Indicator	Consideration	Resulting Action
1	"Taiwanese market this year [was] more profitable to us than last year" (6.1, 58-59).		"changes in the last twelve months compared with the previous twelve" (6.1, 65-66).	"we know year on year comparisons to what's working and what's not" (6.1, 66-67)	"visiting that ... customer ... discussion about business plans, budget ... next twelve months" (6.1, 155-157)
2		"customer identified ... a market opportunity for a product like that" (7.1, 252-254).		"we had technology in NZ to do it ... in conjunction with dairy companies" (7.1, 254-256)	"One looks as if it could be an ongoing success. The other one ... may or may not happen. " (7.1, 256-258)
3	"a lot of the investment in the company in the last years is based on poor growth" (7.1, 447-449)	"in the last year the biggest change drivers have been things like the ... new factory" (7.1, 401-403)	"the Thais have just shut the doors ... selling European products. So our customers ... need to have another option" (7.1, 298-300)	"You've got to temper that ... in the reporting ... it's often the context ... to have a feeling for the reason why or to say that this is why it's happening" (7.1, 347-351)	"it's coming on the horizon, increased capacity, so we've been ... working towards generating new markets" (7.1, 405-407).
4			"milk fats levels are at an historical low ... and look like continuing at an historical low for the next three to six months(6.1, 72-74)	"the commodity area doesn't impinge on the pricing for this niche stuff ... but ... they're from the same base material ... a discussion will take place" (6.2, 177-180)	"he now wants a price. I guess we won't discuss the market, the crash ... too openly ... unless he's buying a commodity ingredient. " (7.2, 185-187)

In example 1 a process of strategy review in which formal performance indicators of increased profitability in a market are considered in the light of

situation indications of change in the market conditions, these contribute to a review of objectives and strategy for the coming year.

Example 2 shows an instance of reaction to an informal indicator of potential product change, with the firm identifying the technical requirements and going on to develop a successful new product. In example 3 formal performance indicators of poor growth are tempered with informal (internal) and situation indicators of factors which mitigate concerns and support optimistic strategies to generate new markets. The final example illustrates the role situation indicators of raw material price change play in tactical negotiations with customers.

Among these flexible/corporate firms formal, informal and situation indicators act directly or come together to contribute to strategy review or tactical action in export activities. Understanding the context is a key element in considering strategic action, either where situation indicators “temper” formal performance indicators and informal indicators or where they directly provide understanding to develop strategy or initiate tactical action. This wide use of indicators to generate action in flexible/corporate group firms sees them utilising the wide range of indicators that they generate and gather.

Time series analysis of the use of export activity generated indicators among firms in the flexible/autocratic group is illustrated in table 7.15.

Table 7.15 Indicator Use in Flexible/Autocratic Group Firms

Example	Formal Performance Indicator*	Informal Indicator*	Situation Indicator*	Consideration	Resulting Action
1	"financial accounting reports ... every two months" (Field Notes 4.1, 103-105)	"understanding of firm performance comes from casual indicators" (Field Notes 4.1, 105-107)		"her intuitive assessment of ... performance was "always within \$10,000" of the formal accounting results" Field Notes 4.1, 108-110)	"she ... tending to be opportunistic ... to grasp opportunities and manage problems" (Observe 4.1, 21-23)
2	"cost us money in the first year dealing with Sainsbury's" (8.1, 140-141)	"We sent stock based on their ordering ... they didn't actually put the stuff in store until 6 months later ... most ... was ... getting near the end of it's use by date" (8.1, 134-137)		"having got established in that supermarket found it relatively easy to get the other supermarkets to accept the product" (8.1, 128-131)	"having got established there ... we have now picked up 6 other major chains and the business has become profitable" (8.1, 142-144)
3	"we ended up, not being able to compete in the [US] market" (3.1, 81-82)	"being in ... Tauranga ... you had to truck in from the Coromandel ... to get the product in the factory" (3.1, 77-79)	"Sanford's and Sealord really got into mussels in a big way and brought the international price down" (3.1, 75-76)	"we decided well we'd pull out ... concentrate ... where we had got margins ... product that couldn't be picked off by the big guys" (3.1, 84-87)	"well that's sort of how we ended up in Japan" (3.1, 87)
4	"Well if the sales don't grow, you've got a bum product." (3.1, 192)	"in-store promotions ... reports are all formalised back to our importer who then gives us feedback" (3.1, 300-302)	"spending a bit of time in the markets ... where it can fit, how to fit price-wise. So just a gut feel" (3.1, 128-131)	"just one man band" (3.1, 155)	"Just tell them. What I'm going to look at ... what I've experienced and seen, and what I think is a good idea" (3.1, 148-149).

* Among these firms informal and situation indicators may precede formal performance indicators.

Example 1 shows the firm drawing perceptions of performance from informal indicators with these intuitive notions confirmed by formal performance indicators, as accounting reports, with early understanding underwriting the responsiveness of the firm's opportunistic export strategies. In example 2 informal product indicators provide a context to elucidate serious losses and with this understanding the firm persists with their broad strategy, going on to achieve success in a selected market. All classes of export activity generated indicators are used in example 3 where increased competition and internal costs explain lack of profitability in an existing market, generating a change in strategy in which another market is attacked using more focused strategies. While management in all these firms is relatively autocratic this trait is most apparent in case 3, example 4, where the owner gathers and processes formal performance, informal and situation indicators to drive his personal process of strategic review and tactical decision making. These examples illustrate a clear linkage between the stream of indicators generated and gathered in export activity and future export activity.

The analysis in this section identifies linkages, in their time sequence, between formal performance indicators and informal and situation indicators and the firms' strategy review processes and tactical action in export activities. While linkages between indicators and strategic action appear clear in most examples the timing and sequence of the generation of indicators when they are received is not always clear. Indeed this lack of clarity is more evident in firms making more use of informal and situation indicators, flexible/corporate and flexible/autocratic group firms than in corporate groups firms which emphasise formal performance indicators. Despite this question the link between indicators and strategic action is clear. This analysis of the origins, consideration and resulting action generated by export activity indicators provided an understanding of indicator use within firm groups as a basis to consider their usage across case firms.

7.6.2 Indicator Use Across Cases

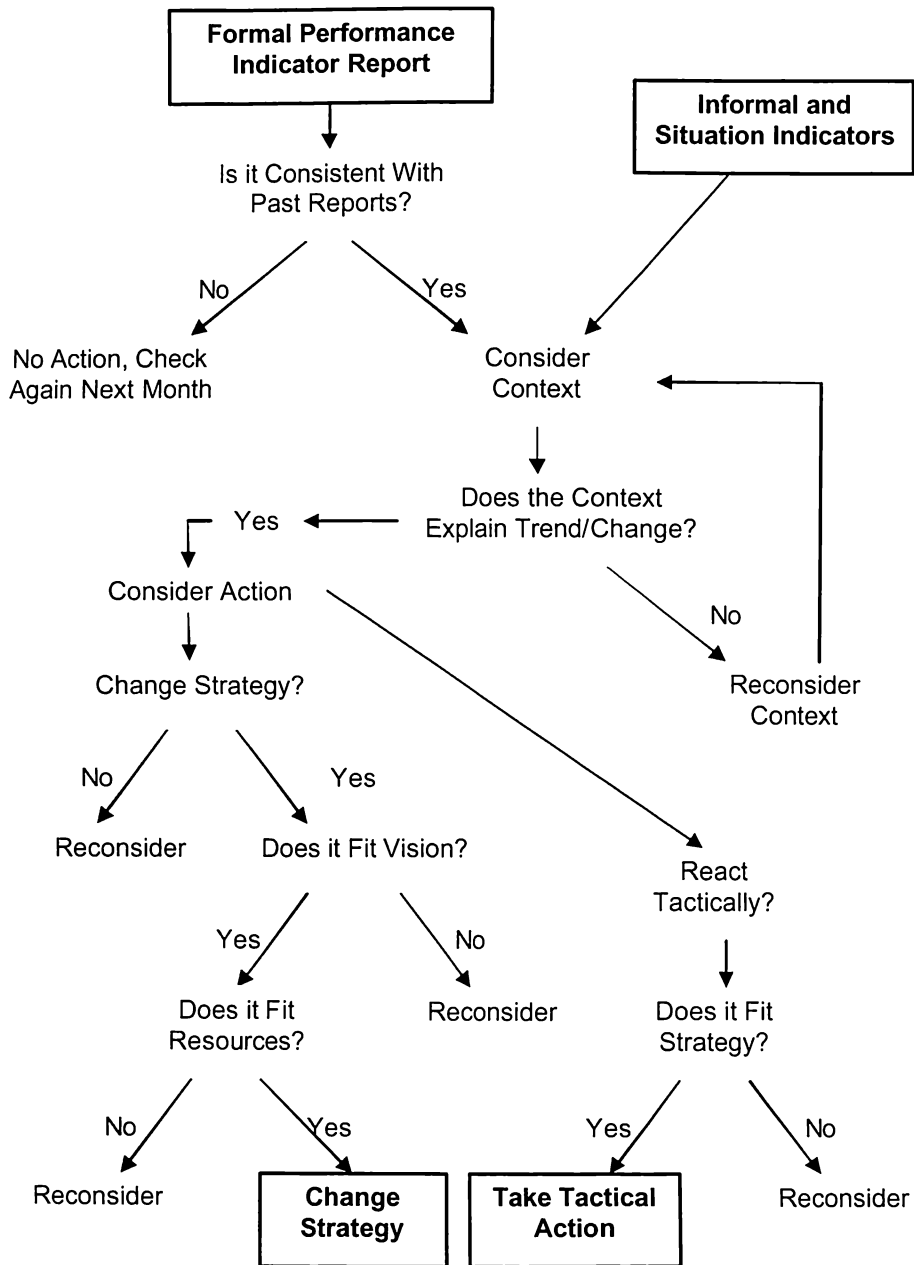
To sharpened understanding of how perceptions of present export activity in export activity indicators influence future export activities strategies time series analysis was used. This analysis showed consistent similarities across all cases in the sample frame in the production, gathering, consideration and application of export activity indicators in their export processes. These patterns of export activity indicator use in groups of cases provide a basis to identify a process of usage common to all firms.

Within case firms the activities of generation or gathering of export activity indicators are quite discrete. Formal performance indicators are generated from historical data in within firm functions that are outside their operational export activity and introduced as reports into firm reporting processes and strategy review. Informal indicators whether written or tacit are held independently of other indicators prior to introduction into strategy review processes or tactical export activity. Although less distinct, situation indicators appear to remain specific to, the property of or in the mind of, the gatherer until they are introduced, for consideration, into the firm's strategy formulation and review of tactical export activity.

The above time series analysis showed export activity indicators being synthesised within the firm in a process of consideration and decision making. While some of the examples used in the time series analysis imply that individual indicators are considered on their own, logic and informant experience suggest that they are not considered in a vacuum. It is more reasonable to suggest that, as some examples show, indicator consideration, strategy review or tactical export activity, brings together discrete indicators to inform or temper each other, presenting a composite picture of the firm's position in its context. This picture of the firm's position is dynamic as indicators change perceptions within the firm; however this dynamism is checked, providing direction to the firm within the bounds of each firm's vision and the broad strategies. The marriage of export activity indicators within the framework of firm's vision is fundamental to the individual strategic direction of each firm.

While the cycle of strategy formulation, application in export activities and review based on export activity outcomes presented in the preceding sections supports the presence of this process, its consideration in a hypothetical decision tree model facilitates deeper understanding of the process involved. (Gladwin, 1989; Miles & Huberman, 1994) The decision tree shown in figure 7.4 illustrates the decision process that may be made by firms in reaction to formal indicators, to generate strategy change or tactical action.

Figure 7.4 Decision Tree Model of Strategic and Tactical Review



This model suggests that where formal indicators are reported they are considered against past reports seeking a pattern or “trend” over time, “this is your feedback. These are all trend analyses of a various set of measures that are not just all financial” (1.1, 262-264).

Where a consistent pattern or change, a “trend”, is observed, support for an explanation is sought from informal or situation indicators from the firm’s export context, “it’s often the context ... to have a feeling for the reason why or to say that this is why it’s happening” (7.1, 348-351). Where the context does not provide an explanation further consideration is undertaken by reconsidering export activity indicators again and seeking new information, “They were relying on feedback from category managers who said yes that the Heinz product was not doing that well, in fact it’s doing very well and clearly from the Neilson’s data it is going to stay there” (8.1, 491-494).

Where a satisfactory explanation for a change or a problem anticipated in formal indicators is identified, the firm considers a course of action. This action, either strategic or tactical, is framed in terms of strategic constraints. Where strategy change is considered it must be measured against the firm’s vision, “constraints ... we are not looking at America, we are not looking at Europe” (5.1, 74-75), and resources, “a factory that’s designed to cook, pump and fill, so whatever we design ... has to ... fit” (3.1, 459-460). Where tactical action is considered it must be compatible with the firm’s overarching and operational strategies. Where, at any stage in this process of consideration and decision making, there is doubt about the appropriateness of a course of action it is reconsidered “We’ve had opportunities ... but we have always been pretty disciplined about what is our core market.” (7.1, 60-62).

The decision making sequence illustrated in figure 7.7 suggests that the application of formal export activity indicators in the export strategy process gives consideration to informal and situation indicators. Where informal and situation indicators are applied in strategy review or tactical export activities one may expect the pattern of consideration and decision making to be similar. Indeed for practical purposes one could transpose the position of the indicator types in figure 7.7, to see formal indicators providing an internal context for understanding derived from informal and situation indicators in strategy review or tactical decision making.

The viewing and consideration, in time series analysis, of the application of export activity generated indicators within cases strengthened the understanding of their role in the export strategy processes of the case firms, an understanding supported by the conceptualisation suggested in the decision tree model. These findings considered across the sample frame serve to sharpen understanding of common nomothetic elements of this process while still keeping in touch with the richness of the ideographic elements of the process displayed in individual cases. This understanding of the role of export activity indicators in the export process provided the basis to consider concepts and their causal arrangement across the export process.

7.7.0 Identifying Causal Relationships

The preceding analysis provided an understanding of the role of export activity generated indicators in the export process, in individual cases within this study and the nomothetic qualities of the process applicable across cases. This understanding provides a basis for considering the casual relationships at work in the ongoing export processes. This section draws on this understanding to consider the causal relationships in the export process of each group of firms and then proposes a conceptual model of the export process applicable across cases.

All firms in the sample frame use an export strategy process to deploy their resources in the export environment generating in export activity outcomes. This finding is in keeping with the research model which framed the study, suggesting that these original concepts and their relationships, drawn from previous research, were a sound starting point to further investigate the export process. In addition to this confirmation, within case analysis and the preceding across case analysis has identified a stream of formal performance, informal and situation indicators which may be applied in the export strategy process to influence future export endeavours. The preconceived research model, figure 3.1, and the concepts of export activity indicators identified in the preceding analysis, see 7.6, provided the basis to develop further schematic models of the export process.

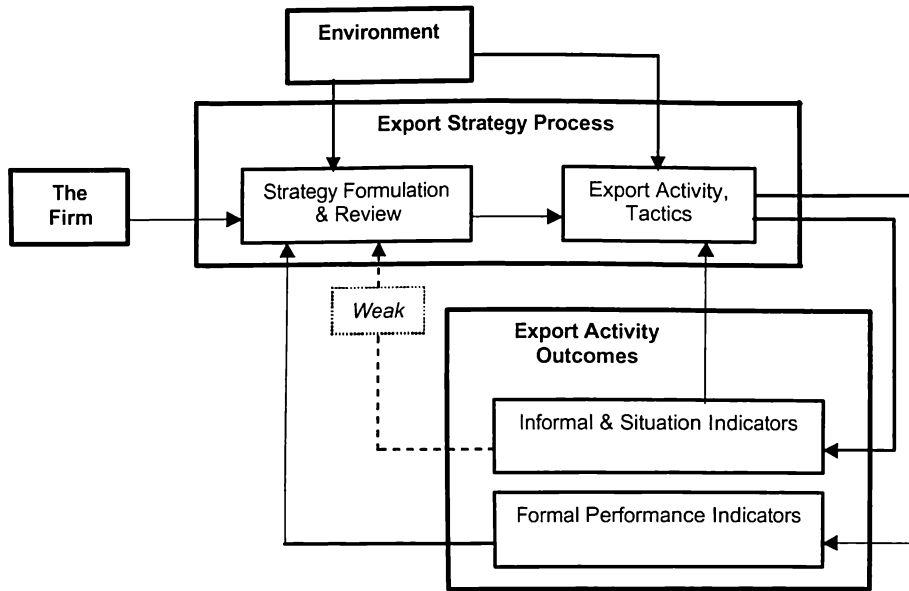
7.7.1 Firm Group Oriented Causal Relationships

The export process within each group of firms sees firm resources deployed in the environment in export activities. These export activities are directed using export strategy to generate a flow of indicators which influence future strategy and tactical export activity. While all case firms have the potential to generate and receive these formal performance, informal and situation indicators their presence and application varies between groups and it is this difference that sets them apart. Conceptualising the export process separately for each of the three groups of firms, see 7.2.1, identifies this and other differences in export processes while highlighting what they share.

The Export Process Among Corporate Group Firms

A conceptual model of the export process among corporate group firms is illustrated in figure 7.5.

Figure 7.5 Export Process Model: Corporate Group



This schematic model of the export process among corporate group firms incorporates the same concepts, the firm, environment, export strategy process and performance (as export activity indicators), as the research model used to frame the study. Like the study's preconceived research model, figure 3.1, this arrangement sees the firm and environment coming together through an export strategy process to produce indicators of performance outcomes and situation information. However the detail of concepts and relationships in this configuration is different. This conceptualisation suggest that outcomes of export activity in formal performance indicators, and informal and situation indicators influence the export strategy process through strategy formulation and review, and further export activity, to create dynamic cycles within the export process.

Central to this conceptualisation, the export strategy process is seen as having two elements; strategy formulation and review, and export activity. This arrangement suggests that the formulation and review of export strategy is distinct from the export activities in which export strategy is executed. However in export activities, export strategy may be adjusted by a change of tactics to ensure effective implementation in the face of market realities and change.

In formulating and reviewing export strategy corporate group firms reconcile their understanding of their firm's qualities, their environment and past export outcomes. As the model suggests firm and environment understanding is drawn directly into strategy formulation and review from the firm and environment. Indeed, it is a feature of corporate group firms that environmental understanding in strategy formulation comes from specific research and third party advice rather than experience in export activities. Strategy formulation and review also considers the firm's understanding of the relative success of past export activity. Formal performance indicators of past export activity are an important influence in strategy formulation and review.

The environmental information and formal performance indicators used by corporate group firms are remote from the realities of their export activities.

However in extreme or critical circumstances informal and situation indicators received in export activities may be considered in export strategy formulation and review. Among these firms, the influence of informal and situation indicators on strategy formulation and review is weak and of secondary importance when compared with that of formal performance indicators.

Within the export strategy process, strategy formulation and review provides the direction for the execution of export activities. These export activities are carried out in the context of the environment and the immediacy of informal and situation indicators received from concurrent export activity. In this subroutine of export activity, and informal and situation indicators, export activity tactics are adjusted in the light of immediate export outcomes and situations to fine tune them to fit contextual realities.

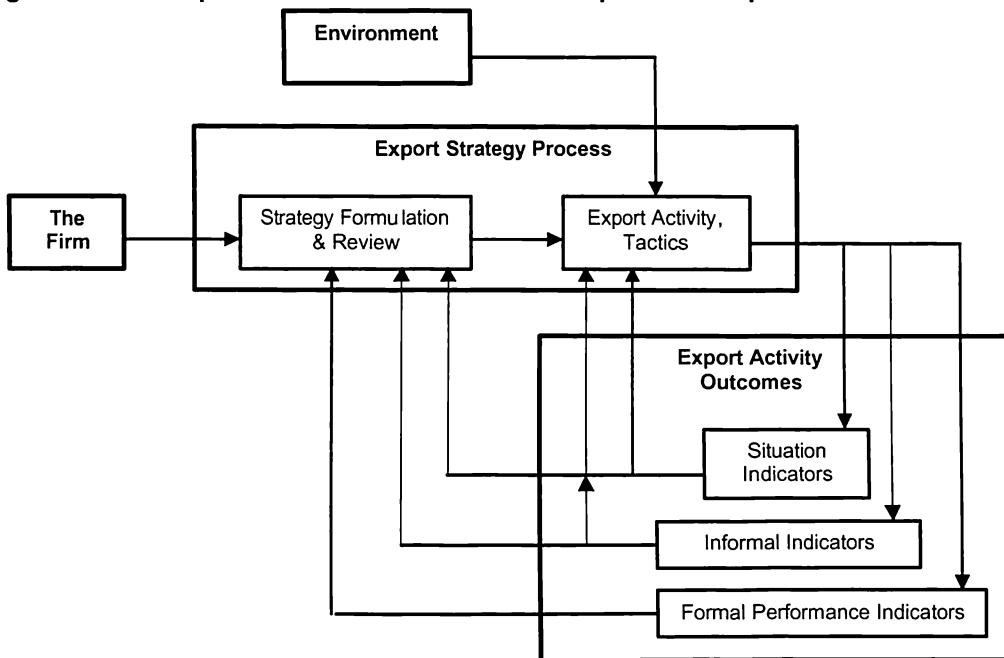
This conceptualisation of the export process among corporate group firms suggest that strategy formulation and review is carried out using environmental and performance information that is remote from concurrent export activities. In contrast, the execution of export strategy in export activities is carried out in the immediate context of the environment and in this context current understanding situations is drawn from informal and situation indicators.

The influence of export activity indicators on future export strategy and on export activities creates cycles of execution, review and reformulation keeping strategy and export activities in touch with the firm's position in its export context.

The Export Process Among Flexible/Corporate Group Firms

In contrast to corporate group firms, flexible/corporate group firms are more eclectic in the generation, gathering and application of export activity generated indicators and in their application in their export strategy processes as illustrated in figure 7.6.

Figure 7.6 Export Process Model: Flexible/Corporate Group



This model suggests that while the export process among these flexible/corporate firms can be expressed using the same concepts as corporate firms the relationships between those concepts is different. Central to this difference in relationships is how the environment and export activity indicators relate to the elements of the export strategy process.

In these firms the environment provides the context for the execution of strategy in export activities. Understanding the nature of and conditions in the firms' environments for strategy formulation and review is derived from relationships and experience in export activities. This information flow sees environmental information in situation indicators, gathered in the undertaking of export activities, providing the environmental context for strategy formulation and review. While this understanding of the environment is indirect, its source, the firms' concurrent export activities ensures that it is timely and relevant to their specific export context.

In this conceptualisation, export activity indicators are shown as three discrete concepts, formal performance indicators, informal indicators and situation indicators. These indicators are gathered or generated then held separately, either as discrete reports in firms or in the minds of individual managers, only coming together in the export strategy process. In the export strategy process, strategy formulation and review draws on all three classes of export activity indicator.

This sees formal performance indicators and informal indicators providing understanding of the outcomes of past export strategies as the basis for strategy review. Where strategy is reviewed the understanding provided by formal and informal performance indicators is considered in the light of contextual understanding drawn from situation indicators. In addition to providing a context for strategy review, situation indicators inform new strategy formulation activities of changes in circumstances in the firms' environment. Such changing circumstances may include opportunities and threats, known or new to the firm, which generate the formulation of specific strategies.

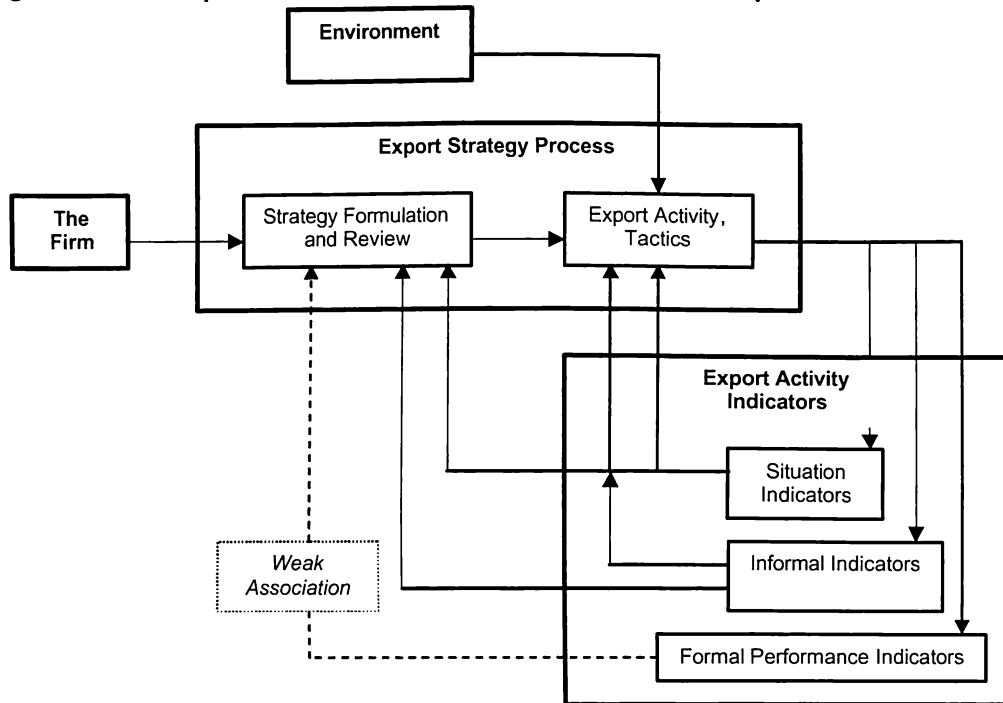
In executing strategy, export activities use informal indicators and situation indicators. Prompt understanding of new or changed conditions in the firm's environment derived from situation indicators allows the firm to adjust the tactics used in strategy implementation to address the new conditions. Similarly the perceptions of customers or consumers of the firm or its products received as informal indicators may generate tactical action in export activities. The immediacy of informal and situation indicators ensure, where they are received and understood that the firms' export activities are adjusted promptly in response to change in the environment or problems and opportunities identified from past or concurrent export activities.

This model suggest that the export process among flexible/corporate group firms makes wide use of indicator information derived from their export activities. These information flows suggest an export strategy process that is cyclical with the outcomes of concurrent export activity and immediate contextual information informing and influencing future export strategy and its execution of export activities. This use of export activity indicators across the export strategy processes of flexible/corporate group firms ensures that they are quickly aware of opportunities and threats and able to respond to them promptly.

The Export Process Among Flexible/Autocratic Groups Firms

In the flexible/autocratic group, firm qualities are deployed in their export environments using flexible strategies which allow them to be responsive to change in their markets. Their formulation and review of export strategy, and its implementation in export activities draws on a stream of informal and situation indicators gathered in concurrent export activities. The network of concepts and relationships making up this export process is illustrated in figure 7.7.

Figure 7.7 Export Process Model: Flexible/Autocratic Group



This schematic model suggests that flexible/autocratic group firms employ the same concepts in their export processes as other groups of firms in this study, and while their arrangement of concepts is the same the relationship between them is different. Among these firms the export strategy process is informed principally by informal and situation indicators, while formal performance indicators are only weakly associated with strategy formulation and review. Understanding of the environment in the export strategy process, rather than being gathered remotely or resulting from specific research, is gathered in export activities from relationships with customers and visits to markets.

Within the export strategy process, strategy is formulated and reviewed in the light of an understanding of firm and product performance derived from informal indicators. This understanding comes from dialogue in market relationships and the intuitive “gut feeling” developed from being close to export activities. These informal indicators are considered together with understanding of the export context derived from situation indicators. This balance of informal and situation indicators and their immediacy ensures that strategy formulation and review is closely aligned to immediate firm export activity and market realities. Although these flexible/autocratic group firms generate formal performance indicators, reporting financial and strategic objective outcomes, their influence is weak serving to confirm understanding drawn from informal indicators, rather than provide primary information.

Strategy, as it is formulated and reviewed, is implemented in export activities. In executing export activities firms generate and gather indicators of the outcomes as situation indicators, informal indicators and formal performance indicators. The perceptions resulting from consideration of these indicators, in addition to informing strategy formulation and review, provide the context for current export activities. This sequence of strategy formulation and review, and export activity, drawing on information generated in past export activities suggests that the export process is a dynamic cycle of strategy formulation, execution and review.

These flexible/autocratic group firms, with an emphasis on informal and situation indicators in their export processes, are close to their customers and markets, and able to respond promptly to change. This response can, depending on export outcomes and market situations, generate either a change in strategic direction or a tactical response to bring export activity into line with strategic objectives. Indeed it appears that the export process in this group of firms, with its emphasis on the most immediate of export activity indicators, is relatively more responsive to change in markets than other groups of firms.

This analysis of the export processes among groups of firms, and the models generated identify distinct differences between each group. While each group employ the same export process concepts, the firm, environment, export strategy process and export activity indicators, and have similar potential information available to them, the relationships between concepts through their application of information from export activity indicators is different.

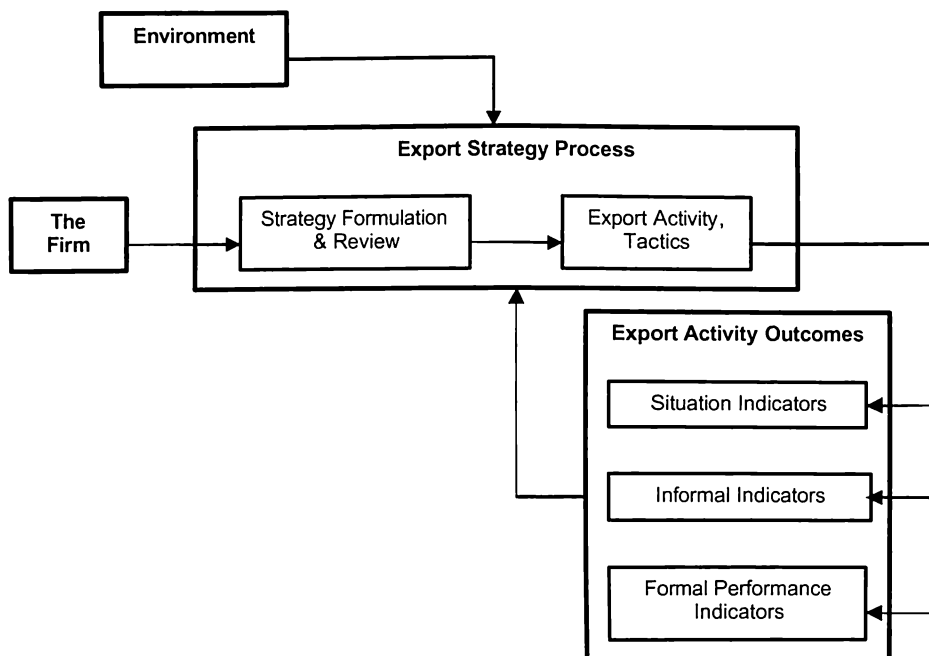
These differences in applications range from an emphasis on the concurrent information of informal and situation indicators to an emphasis on historical formal performance indicators. Identification of these causal relationships in the export processes of the groups of firms in the sample frame provided a basis to develop a causal network that may be applied across cases to provide a nomothetic understanding of at least this sample frame of firms.

7.7.2 Causal Relationships Across Case Firms

The preceding analysis identified four key concepts in conceptualising the export process among specific groups of firms. These concepts, the firm, environment, export strategy process and export activity outcomes are the same for all groups and it is the relationships between the detailed elements of these concepts that differ between groups. In planning and undertaking export activity corporate firms draw their understanding of the environment from specific research and their perceptions of past export outcomes from internal historical indicators. In contrast, flexible/autocratic firms understand their environment and past export outcomes from situation indicators and informal firm and product indicators gathered in their ongoing export activities.

So, to reconcile these differences in export processes between groups of firms' the detailed relationships between concepts must be considered. This suggested a conceptualisation which focused, where appropriate, on export process concepts rather than their constituent parts. This approach was used to develop the schematic model of the export process across case firms shown in figure 7.8.

Figure 7.8 Model of the Export Process Across Case Firms



In this model four broad concepts the firm, environment, export strategy process and export activity outcomes define the export process. The arrangement of these concepts suggests that firm qualities and resources are deployed in the environment through an export strategy process. In the export strategy process, strategy is formulated and reviewed, and then executed in export activities to generate export activity outcomes. The outcomes of export activities are apparent as formal performance indicators, informal indicators and situation indicators. These export activity indicators, perceptions of past export activities outcomes, provide a basis for strategy review and future export activity. This conceptualisation suggests that the export process is dynamic with future export activity informed by and building on past export activity outcomes.

The firm in this conceptualisation provides a framework within which strategy is formulated and reviewed. The resources and the firm's organisational structure define the potential scope of export activities while the vision of key stakeholders set constraints within which they must be undertaken. Indeed firm's organisational structure is an important factor in defining the structure of their export strategy processes.

In formulating and reviewing strategy for the deployment of firm resources an understanding of the environment is required. In some firms information about their environment is gathered in specific research, as they seek market partners or to understand consumer tastes. In other firms understanding of the environment is gathered in export activities through dialogue in relationships or on market visits. In all firms, the environment provides the context for the execution of strategy in export activities.

In the export strategy process, strategies are executed in the environment in export activities. In export activity firm export strategies are tested in the reality of the environment to produce export activity outcomes. Indicators of these outcomes are latent in firms and their environment as formal performance indicators, informal indicators and situation indicators.

The generation and gathering of export activity indicators by firms is a product of their export strategy processes and while all firms produce and gather all indicators to some extent this varies across firms. Corporate firms with formal organisational structures focus on the production of formal indicators of export performance. In contrast flexible/autocratic firms with informal organisational structures focus on the gathering of informal and situation indicators. Within these extremes flexible/corporate firms, while having formalised layers of management and formal communications producing formal performance indicators, gather a wide range of informal and situation indicators.

Similarly the use of export activity indicators in the export strategy process varies across firms and groups of firms. This variation of indicator use follows that patterns of indicator generation and gathering within firms, In strategy formulation and review formal performance indicators inform the firm of financial and strategic export outcomes, while informal indicators and situation indicators provide a context in which to understand these outcomes. However the emphasis in this understanding varies across firms from the extremes of focusing almost entirely on formal performance to that of focusing on informal and situation indicators.

In addition to their use in strategy formulation and review export activity indicators are applied in the implementation of strategy in firm's export activities. In export activities informal and situation indicators from concurrent activities provide perceptions of the context for the application of strategy. Where necessary, in the light of informal and situation indicators, tactics in export activities are adjusted to address understanding of the immediate export context. While all firms in the sample frame use informal and situation indicators in tactical decision making this varies by firm. In the export activities of firms with informal organisational structures these indicators are more likely to be gathered and applied, when compared to firms with formal organisational structures.

In addition to informing the export strategy process export activity outcomes drive change in the export process. Export activity indicators are, in most firms, the conduit through which they draw perceptions to understand the context of and change in their environments. As the model, figure 7.8, indicates and the preceding analysis suggests the export process is a cyclic activity in which the export strategy process is continually modified to address export activity outcomes and change, the reality, encountered in past and concurrent export activity.

7.8.0 Conclusions

The preceding analysis and findings suggest an export process in which firm qualities and resources are applied in the environment using an export strategy process and that the outcomes of the resultant export activity inform future export strategy and activities. While the first part of this suggestion is in keeping with conceptualisations developed in past export research, the suggestion that current export activity informs future export strategy and activity is a departure from previous thinking. While this influence of export activity indicators in the export process varies across firms, the processes of export activity indicator production and application are common to all firms in the sample frame.

In this process export activity generates a stream of information, in export activity indicators, that are applied to the firm's export strategy review and in tactics in future export activities. The application of export generated indicators may result in change in strategy and tactical export activity to address the firm's performance, its place in the export context or change in the export environment. While export activity indicators are latent in all firms and in their export environments not all firms chose to utilise them.

The type of export activity indicators produced or gathered and their influence in firms depends on the nature of the firm; those with more formal organisational structures focusing on formal performance indicators and those with less formal organisational structures focusing on informal and situation indicators. In all firms the process of past export activity informing strategy review and future export activity produces a dynamic cycle in which firms adjust their export processes to address the realities of their performance and environments. These findings provide a basis for further discussion and for their reconsideration in the context of past export research findings.

Chapter 8 Discussion, Limitations and Implications

8.1.0 Introduction

The dynamic export process discovered from informant evidence in this study is driven by change in the export strategy process as it responds to information in a stream of indicators generated in export activities. This thesis contrasts with past conceptualisations of the export process which are static and unidirectional suggesting that export performance is their sole objective. In this chapter the findings of this study are discussed in the context of business and export research thinking.

To start this discussion, the research purpose and question is revisited, in section 8.2.0, to provide a basis to position the findings. In section 8.3.0 consideration of differences in firm organisational structure provides a basis to discuss the export process concepts of the firm, the environment, the export strategy process and export activity indicators. The limitations of the study are described in section 8.4.0. The study's implications for managers and policy makers are discussed in section 8.5.0 and conclusions are presented in section 8.6.0.

8.2.0 Research Question Revisited

The purpose of this study was to understand exporting as a dynamic process by considering the influence of past export performance outcomes on future export strategy. Drawing on suggestions in export literature that management perceptions of exporting and export outcomes influence export performance (Axinn, 1988; Cadogan & Diamantopoulos, 1998; Katsikeas & Morgan, 1994; Leonidou, 1995; Namiki, 1988) and that management perceptions may change as they participate in export activity (Axinn, 1988; Namiki, 1988) the research question and research model were developed. In asking “in which ways does export performance influence the export strategy process?” the research question anticipated that change indicated in formal quantitative measures of export performance would result in change in management perceptions which, in turn, would influence the export strategy process and future export performance. This understanding provided the basis for the development of the research model, figure 3.1, which framed the research process.

The findings of this study suggest that the export process is dynamic, changing in response to changes perceived in export outcomes and in the environment. These findings lead to the development of a revised model of a dynamic export process across case firms, figure 7.8, which is different from the initial research model.

While the concepts drawn from informant experience to develop the revised export process model have similarities with those used in the research model their detail and relationships are different. Most particularly, informant evidence suggested that their understanding of the export strategy process was broader than that suggested in past export research and that the nature and influence of export activity indicators was wider than the concept of export performance used to indicate export activity outcomes in past export research.

In past export research, and other areas of business research, the concept of strategy has been considered principally as a process of analysis and planning. Among case firms informant evidence suggested that the export strategy process was as much one of strategy execution or implementation as one of analysis and planning. This led to the development of the conceptualisation of the export strategy process, in the revised dynamic model of the export process across case firms in two elements, strategy formulation and review and implementation in export activity.

Informant evidence suggested that in case firms, their understanding of export performance was broader than those proposed by past export research. Export performance as formal quantitative performance indicators similar to those commonly used in export research, were just one factor influencing firm management's understanding of export outcomes and in most case firms their influence was secondary to informal and situation indicators gathered from the export environment. Indeed, the role of formal performance indicators was often one of confirmation of the perceptions drawn from informal and situation indicators.

During evidence gathering and analysis process the discovery of the flow of export activity indicators within case firms prompted further investigation of marketing and export literature. This search identified the concept of market orientation as being sympathetic to the flow of export activity indicators within case firms. Market orientation literature suggests that information flows, such as export activity indicators, provide a basis for understanding and decision making in some export firms (Cadogan et al., 2002; Francis & Collins-Dodd, 2000). Among case firms indicators generated and gathered in export activities come together to provide substantive and contextual understanding as a basis for decision making in their export strategy processes.

In addition to this direct application, indicators may be retained in firms as knowledge, through a process of learning (Bilkey & Tesar, 1977; Sinkula, 1994; Sullivan & Bauerschmidt, 1990) to change the firm's stock of longer term perceptions or understanding. However, consideration of such a learning process was outside the scope of this study.

The initial research model used to frame the study facilitated the research process, providing a basis to anchor the study's findings in the context of present export thinking. These linkages facilitated an understanding of the contribution that this study makes to export research as a whole. The framework suggested by the revised dynamic model of the export process across case firms is seen as better representing export practitioners' understanding of the export process. The concepts that make up this revised model provide a framework for the discussion that follows.

8.3.0 The Nature of the Dynamic Export Process

The findings of this study suggest that the qualities of the firm are deployed in the environment using an export strategy process, made up of export strategy and export activity. Export activities produce a stream of indicators that inform the firm of change in export outcomes and the export context which in turn influence the future export strategy process. This process is dynamic, with export strategy reviewed and export activities adjusted to address changes in export performance outcomes and in the export context. Past export research, in seeking to understand the antecedents of exemplary export performance, has suggested unidirectional export process conceptualisations in which export performance is an end in itself.

In this section the findings of this study are discussed and compared with past findings in export research and wider business thinking. The nature of and reasons for the specific design of firm organisational structures are discussed in 8.3.1 as a basis to frame the subsequent discussion. The role of the firm in the export process is considered in 8.3.2 and firm understanding of the environment is reviewed in 8.3.3. The nature of the export strategy process in firms is discussed in 8.3.4, while collection and application of export activity indicators in the export process is reviewed in 8.3.5.

8.3.1 Design of Firm Organisational Structures

In evidence collection and within case analysis it became clear that firms in the sample frame employed different organizational structures. In across case analysis this firm feature, together with differences in firm export strategy processes provided the basis to classify firms into groups as a basis to focus on the analysis process. In this classification process three different organizational structures were identified.

Firms with formally designed organisational structures had several layers of management between which communications were conducted using formal periodic reporting processes. In contrast, firms with informally designed organisational structures had few layers of management between which communications were informal. A third group of firms were of mixed design, having organisational structures with several layers of management and formal communication processes, however within these firms informal communications were a key tool of management.

It was evident that the design of firm organisational structures were deliberate, resulting from specific strategies formulated by key stakeholders or from the deliberate or subconscious desires of individual owners.

This finding across the sample frame that the design of firm organisational structure results from specific strategy is consistent with suggestions in business thinking that the structure of the firm results from specific strategy (Chandler, 1982; Thorelli, 1977). However, causality between strategy and structure in this sample frame was not a clear cut. Across the sample frame more formal organisational structures appeared to be driven by a desire among stakeholders to address demands internal or external to the firm, while in the case of informally structured organisations the personal agendas of individual entrepreneurial owners were a driving force.

Strategies that resulted in firms with formal organisational structures sought to achieve deliberate objectives in response to change or potential change. Some of these firms sought to improve control of firms in the face of losses, in other firms the objective was to maintain control in the face of growth, or anticipated growth. To address these issues formal organisational structures were seen as achieving improved management control. These approaches to achieving control are consistent with the suggestion of transaction costs theory which proposes that increased control in firms reduces risks in the face of uncertainty (Coase, 1937; Williamson, 1981).

In contrast, the motives for those firms designed with informal organisational structures were driven by the personal vision and objectives of their owners.

These entrepreneurial individuals saw themselves as being the firm and were reluctant to delegate responsibility preferring to have management control and communications centred on them. Within the sample frame these firms were relatively smaller; this suggests their focus on the individual entrepreneurial owner may be related to their size, a relationship identified in past business and export research (Keats & Bracker, 1988; Walters & Samiee, 1990).

Firms with mixed organisational structures were acutely aware of the importance of remaining responsive to their place, and change, in their export environments within the framework of several layers of management. In these firms' strategic flexibility and informal communications allowed senior staff to improvise within broad formal firm strategies to react quickly to immediate opportunities and threats that became evident from informal and situation indicators generated in export activities. However, there was conflict in these firms between formality and informality in the organisational structure, with increasing formality seen as undermining relationships with customers or putting at risk the knowledge and experience of key executives. In an effort to address these concerns strategies were flexible, allowing improvisation and innovation within the bounds of broad strategies in parallel with formal internal and export communications.

This type of improvisation, within strategic limits has been identified in past business research and is seen as being build on dialogue within and across management functions (Brown & Eisenhardt, 1997; Eisenhardt, 1999; Eisenhardt & Sull, 2001).

While it may be suggested that increasing formality in the design of firm's organisational structures is simply a function of their relative size, this was not supported across this sample frame. In this study the smallest firm, in terms of staff numbers was among those firms with a formal organisational structure, while the largest firm employed a mixed organisational structure. Indeed it was noted that the nature of firm organisational structures was not static, they appeared to change, as suggested above, in response to internal and external influences. While the trend in this regard appears to be toward increasing formality, examples were noted of firms with formal organisational structures seeking to reduce formality in order to be more responsive to markets.

Across case analysis suggested that there was a link between the nature of firm organisational structure and elements of their export processes. Firm resources and their deployment in the export environment varied with organisational structure.

In firms, understanding of their performance and their export context was perceived differently, and the application of those perceptions in export strategy processes reflected firm organisational structures. These patterns are illustrated in table 8.1 using the export process concepts suggested in the dynamic model of the export process across case firms and firm designs as discussed above.

Table 8.1 Organisational Structure and Export Process Concepts

	Firm Organisational Structure		
	<i>Formal Design</i> : Several management layers, communicate formally	<i>Mixed Design</i> : Several management layers, able to communicate informally	<i>Informal Design</i> : Few management layers, communicate informally
The Role of the Firm	Corporate structure dominates. Strong brands, don't change often & receive premium prices.	Corporate structure frames activities. Relationships keep them close to customers. Strong brands, frequents new products, prepared to customise.	Entrepreneurial owners dominate. Very specialised niche focus, market relationships personal, product change constant.
Understanding the Environment	Drawn from contracts with agents in markets. Seen from a long term perspective.	A wide view of markets is maintained through personal relationships. Understanding customer needs is important in gaining and maintaining competitive advantage.	Seen in term of the place of their products in their markets as indicated in personal relationships with customers. The immediacy of understanding important to these firms.
Export Strategy Process	Structured process with periodic reporting & review. Focus on marketing mix with established products rather than responding to change.	Structured process with periodic reporting & review. Keen to respond quickly to market opportunities and threats. Able to review/respond informally.	Driven by owner's private vision. Flexible and opportunistic, can change course very quickly.
Export Activity Indicator Collection & Application	Focus on financial and quantitative indicators of outcomes. Informal indicators use operationally rather than strategically.	Routine formal quantitative reporting. Informal external and internal reporting keeps them aware of the export context and their place in it. Able to be responsive to opportunities and threats identified.	Place an emphasis on informal market intelligence for strategic and operational decision making. Financial reports serve to confirm understanding from informal information.

The format used in this table provides the framework to discuss the export process concepts more fully in the following sections.

8.3.2 The Role of the Firm

Past export process conceptualisations have predominantly perceived the firm in terms of its organisational characteristics (Aaby & Slater, 1989; Gemunden, 1991; Zou & Stan, 1998), product characteristics (Zou & Stan, 1998) and competence (Aaby & Slater, 1989). While informant evidence in this study has suggested that these and other qualities were features of the case firms relevant to their export processes, firms' organisational structures emerged as the focus of across case analysis. This suggested that, within this sample frame, it is the nature of the firm's organisational structures that provide the framework for the deployment of firm resources in the environment using export strategy.

Among firms with formal organisational structures instruments such as contracts, written sales targets and periodic reporting were the vehicles for their relationships in export markets. This formality sees these firms distanced from their customers through a screen of contractual formality with third party agents. In contrast in those firms with informal organisational structures, it is the personal relationships that entrepreneurial owners and senior staff have with their customers that frames export activities.

This approach sees business conducted by word of mouth, fax or email in, often daily, communications; dialogue in which formal confirmation of orders is secondary to personal undertakings. In those firms with mixed organisational structures formality and informality come together to frame export activities. Firm's formal internal communications are reflected in contractual relationships with export customers, however, they stay close to customers through personal relationships to maintain an awareness of customer needs and change in their markets.

The relative formality of firm organisational structures is also reflected in their product strategies. Those firms with formal organisational structures have well established brands or product lines which seldom change. These well established brands or product lines are offered in niche positions where their reputation affords them a premium price. The products of firms with informal organisational structures are not generally well recognised brands; these firms rely on their service, quality and relationships in narrow niches to gain a small premium price over competitor products. In contrast to more formal firms these informal firms change their products frequently, customising to suit specific customers or seeking to gain advantage in markets. While firms with mixed organisational structures deploy well established brands in their markets they are ready, in addition, to develop customer specific products when requested to do so.

Indeed, while firms with formal organisational structures seldom change their products, less formally and mixed designed firms are keen to alter their products to suit change in customer needs.

This product flexibility is evident in pricing strategies which see firms with formal organisational structures dictating prices and terms of trade while, in contrast, firms with mixed and informal organisational structures appear more responsive to customer price and terms requirements. In this context these firms with mixed and informal organisational structures are more flexible, seeing price and terms flexibility as a tool with which to build relationships with customers.

The difference in firm resources and how they are deployed in the export environment reflects the design of their organisational structures. Within this sample frame those firms with formal organisational structures interface with their markets using more formal procedures and relationships than those with mixed or informal organisational structures. Firm product offerings and pricing strategies are relatively rigid among firms with formal organisational structures when compared to those of firms with mixed or informal organisational structures. This correlation of resources and in their deployment in the export environment with firm organisational structure was also apparent in how the firms in the sample frame understood their environment.

8.3.3 Understanding the Environment

Business research suggests that organisations that react to the environment have a better understanding of their markets (Sinkula, 1994; Venkatraman & Prescott, 1990), that this understanding leads to sustained competitive advantage (Narver & Slater, 1990) and to activities which are likely to lead to superior performance (Jaworski & Kohli, 1993). In keeping with this thinking, the findings of this study suggest that the environment plays a critical role in the export process and is a key element in shaping the export strategy process of the case firms. The study also supports the view of export researchers who see the environment as specifically influential in the export process and include it in their conceptualisations (Cavusgil & Zou, 1994; Cooper & Kleinschmidt, 1985; Gemunden, 1991; Madsen, 1989; Naidu & Prasad, 1994).

Understanding the environment was important to all case firms. They all perceived their environment as dynamic and appreciated that change in their export contexts offered opportunities and threats, but their perceptions of the environment were developed differently. Firms with formal organisational structures emphasise contracts with agents and customers in export markets in developing understanding of the environment.

Firms with mixed organisational structures drew principally on dialogue in relationships with customers, and firms with informal organisational structures discover much of what they know about the environment from customers, perceiving it through the position of their products in their export markets.

These different mediums emphasised in conceiving the environment contribute to a difference in the immediacy of firms' understanding of their export contexts. Firms with formal organisational structures, in drawing on environmental perceptions through contractual relationships, appear to see their export markets as relatively distant, when compared to firms with mixed or informal organisational structures comprehension of their environments through relationships. These differences in how firms interface with their environments are also evident in the mechanisms that firms employ to gather market information.

Firms with formal organisational structures gather most of their information about their environments through market research and their contractual relationships with customers and agents in export markets. This information is historical, rather than immediate, and is presented in formal written reports. Informally structured firms see their export environments through the eyes of their customers with whom they have close personal relationships.

These relationships are ongoing and become increasingly intense over time building on frequent communications and consultation. Interestingly, informants in firms with mixed and informal organisational structures suggested that their product's short shelf life and the consequent frequent small deliveries were a factor in promoting frequent communication with export customers and encouraging close relationships. Those firms with mixed organisational structures draw on their relationships in markets to understand the environment, however these are two dimensional. Market relationships are framed formally with contracts and written paper trails, but a more immediate understanding of the export context comes through personal relationships between senior staff and their opposites in customer firms. These findings contrast with past export process research which has been unclear about how information about the export environment is gathered, focusing instead simply on the influence of environmental conditions on export performance (Bauerschmidt et al., 1985; Jaffe & Pasternak, 1994; Keng & Juan, 1989; Morgan, 1999; Namiki, 1988).

In addition, within this sample frame it was only firms with formal organisational structures that use formal market research to understand their customers and markets. However, in all firms' market intelligence in informal and situation indicators provide a current understanding of the context for their export activities and their place in it.

This finding appears at odds with much general and international business research which focuses on the influence of formal market research in firm decision making and performance (Birks, 1994; Boughton, 1983; Brewer, 2001; Brown & Ennew, 1995; Ottum & Moore, 1997). However, some research does support the findings of this study, suggesting that in gathering and responding to export market and performance information, small exporting firms prefer to gather export related information using their own sources and resources rather than external agencies (Belich & Dubinsky, 1995; Bradshaw & Burrige, 2001).

The notion that the firms in the sample frame emphasise market intelligence in understanding their environments is not entirely unexpected given the niche nature of their products. As consideration of the context for the study suggested, consumer taste for specialised food is changing frequently and to appreciate and be able to take advantage of this change, New Zealand specialist food exporters would find immediate information in market intelligence more pertinent than more historical market research. Furthermore, the researcher's export experience suggests that the narrower and more specialised a niche market becomes, the less relevant general market research is and the more difficult it becomes to gather effective formal market research information.

Indeed, it appears that most of the firms in the sample frame owe their origins to the perceptions of market opportunity and potential that their entrepreneurial founders gathered in market intelligence before launching their business ventures.

While the mechanisms for understanding the environment varied across case firms they all, except where specific market research is undertaken, draw their understanding from communications and relationships encountered in undertaking their export activities. It is important to note that the market intelligence that contributes to firm perceptions of the environment, in all case firms, was gathered as part of export activities and not, as some past export process conceptualisations have suggested, by the firm outside export activities. The understanding drawn from relationships in export activities, and limited specific market research, provides understanding of the export environment and the firm's place in it. This understanding provides the context for understanding past export outcomes and for the formulation of new strategic direction and objectives in firm's export strategy processes.

8.3.4 Export Strategy Process

As the export literature suggested, all case firms had identifiable export strategy processes. However, rather than simply being the static periodic planning processes that export research literature suggests, the export strategy processes in case firms evolved as they adapted to the changing perceptions drawn from change in indicators received in their export activities. In addition the export strategy processes identified in this study had two distinct elements, strategic planning and strategy execution. This also contrasts with past export research which has sought simply to identify the presence of strategic functions, such as planning (Samiee & Walters, 1990; Shoham & Kropp, 1998), channel selection (Akoorie, 1992; Cavusgil & Kirpalani, 1993; Koh & Robicheaux, 1988; Reid, 1997) and adaptability (Bracker & Pearson, 1986; Samiee & Walters, 1990), within firms. This finding is in keeping with Zou and Stan's (1998) suggestion that it is the appropriateness of export strategy not simply the presence of export strategy that underwrites export performance.

The two distinct elements of the export strategy process, strategy formulation and review and the implementation of strategy in export activities, across case firms are, as business research suggests, closely linked (Ansoff, 1988; Johnson & Scholes, 1993; Mintzberg, 1994). Across the sample frame the balance between these elements, as discovered in analysis, varied.

Firms with formal organisational structures focused on formal strategic planning and review, drawing on formal reports of strategic outcomes in export activities to provide contextual understanding for those formal processes. In contrast, firms with informal organisational structures focused on the export strategy process at the tactical level of export activities, working within the proprietor's broad strategies and adjusting tactics to achieve objectives, rather than having any formal review of broad strategies. Similarly, firms in the study with mixed organisational structures were able to operate tactically within a formal framework of periodic strategy formulation and review. The willingness of firms with mixed and informal organisational structures to change strategy or tactics within broad strategies and objectives allowed these firms to quickly respond to new opportunities and threats evident in their export environments.

The notion of improved responsiveness to change and customer demand resulting from operating tactically within broad strategies has been identified in past business research as being linked to superior firm performance (Brown & Eisenhardt, 1997; Eisenhardt, 1999; Eisenhardt & Sull, 2001). While this study did not seek to make any distinction between firms in terms of performance, the sustained business and export experience of cases suggests that they are all successful exporters, regardless of the relative flexibility of their export strategy processes.

This suggests, as one might expect, that a range of firm designs and their resultant export strategy processes all have the potential to produce successful export outcomes.

The findings of this study, in keeping with those of past export research; suggest that the export strategy process is the key framework for the deployment of firm qualities in the export environment within the export process. However, this study in focusing on the nature of the export strategy process, rather than simply confirming that it exists, as past export research has done, has been able to see the dynamics at play in that process. While the export strategy process is a principal element of the export process in case firms it was the flow of export activity indicators generated in the execution of export strategy that drive and change future export strategy.

8.3.5 Export Activity Indicator Collection and Application

Within case firms the flow of information in export activity indicators generated and gathered in undertaking export activities is the life blood of their export processes. This information provides understanding of firm performance, the firm's export environment and its place in that context, with change in this understanding providing the basis for change in firm's export strategies and export activities. This suggest that informants in case firms have a wider view of export outcomes and the export context, than that provided by the quantitative measures used in past export research, and that change in these views results in a dynamic export process.

In this study, sample firms generated or gathered a wide range of information in their export activities; this information was classified in analysis as formal performance indicators, informal indicators and situation indicators. Formal performance indicators are historical quantitative measures of export outcomes, generated within firms, presented in written reports and considered in relation to past or planned export outcomes. The informal and situation indicators, drawn from outside the firm, include customer provided market information, specific customer feed back, trade show experience, market visit information and a range of irregular "noise" drawn from ongoing export activities. Among this eclectic array of information it is the least formal information that is seen by many firms as the most valuable.

The export activity indicators that case firms acquired informed them not only of their firm's internal view of performance, but of its place in, and the state of, the export environment. In contrast, past export research has focused on quantitative measures to understand firm performance (Zou et al., 1998) and on formal market research as the medium through which exporters understand their export environment (Hart & Tzokas, 1999). While all firms generated, gathered and applied export activity indicators, the nature of this action varied across case firms.

In firms with formal organisational structures and structured export strategy processes formal performance indicators in quantitative reports provide an understanding of the outcomes of export activities. To understand the context of those outcomes these firms gather information from the export environment through formal contractual relationships with their customers and agents and, where they seek to understand new markets or consumer tastes, they undertake formal market research. Information gathering from these sources is presented in written reports to provide the basis for formal export strategy review and in turn for the negotiation of periodic revision to contractual arrangements in export markets. Even where important market intelligence is gathered in customer dialogue it is likely to form part of formal reporting rather than being reported informally within the firm.

In sharp contrast, those firms with informal organisational structures and flexible export strategy processes focus on informal and situation indicators drawn from personal relationships to understand export activity outcomes and, their place in and the state of their export environments. Informant evidence suggested that in these firms formal, historical, accounting, performance indicators come too late to be effective in their export strategy processes, serving simply to confirm perceptions drawn from informal and situation indicators. This application sees informal and situation indicators considered and evaluated on their receipt rather than being held for later use in a periodic reporting process. This immediacy in the use of informal and situation indicators allows relevant strategic decisions to be made quickly giving the impression of tactical operations overriding broader more measured vision and strategy.

Not all firms conform to these extremes in the gathering and application of information in export activity indicators. Those firms identified as having mixed organisational structures gather and apply all types of indicators in their export strategy processes. This sees them generating formal performance indicators for application in structured strategy formulation and review processes, while still being able to react quickly to market intelligence in informal and situation indicators gathered in relationships.

Firms that focus on the use of informal and situation indicators to understand their export environment and their position in it see this indicator information as more relevant in export decision making than formal performance indicators. These findings are consistent with the suggestions in some export research, that immediate management perception of export performance may be more meaningful than objective quantitative measures of export performance (Cadogan & Diamantopoulos, 1998) and that market information generated in export activities is used to modify decision making (Hart et al., 1994).

The stream of export activity indicators identified in this study flowing through the cycle of export strategy, export activities and export activity indicators has parallels with the concept of market orientation¹⁷. In business research the concept of market orientation suggests that market research and market intelligence generated and shared, both formally and informally within firms, provides a basis for cohesive action (Kohli & Jaworski, 1990; Narver & Slater, 1990), findings that have been replicated in export research (Akyol & Akehurst, 2003; Cadogan et al., 2001; Cadogan et al., 2002; Francis & Collins-Dodd, 2000; Thirkell & Dau, 1998). In exporting research high levels of market orientation have been found to be a determinant of superior export performance (Akyol & Akehurst, 2003; Cadogan et al., 2002; Francis & Collins-Dodd, 2000).

¹⁷ "Market orientation is the organisation wide *generation* of market intelligence pertaining to current and future customer needs, *dissemination* of the intelligence across departments, and organisation wide *responsiveness* to it." (Kohli & Jaworski 1990, page 6)

In considering information gathering as part of the export process researchers have identified less formal information, “market intelligence”, as more important than formal information generated in third party market research (Bodur & Cavusgil, 1985; Hart et al., 1994; Hult & Ferrell, 1997). Indeed it is further suggested that informal information gathered using the firm’s own resources is particularly important in the success of small firms (Belich & Dubinsky, 1995; Lewis et al., 2001).

In an export context informal information is noted as being specifically important in export decision making (Belich & Dubinsky, 1995; Hart et al., 1994; Hult & Ferrell, 1997; Myers, 1997). These findings support this study’s suggestion that informal and situation indicators, gathered by case firms, are important in their export decision making.

Drawing on export research, the research model for this study assumed that information generated in the execution of export strategy, export performance, would change the firm’s stock of perceptions which would in turn influence future export strategy. Contrary to these assumptions, the findings suggest that indicators generated in export activities are discrete and latent, held outside the export strategy process, in formal reports or in the minds of staff, before introduction as required into firm export strategy processes.

In firm export strategy processes, either in strategy formulation and review or in tactical export activities, indicators come together to inform each other. Working together or alone, indicators point to the state of, or changes in, firm performance in the export context. These export activity indicators may be used several times over, providing the basis for change in a variety of strategic activities.

Past export research has considered similar information flows in terms of market orientation (Cadogan & Diamantopoulos, 1998; Diamantopoulos & Horncastle, 1997; Walters, 1996) or specifically focused on the generation (Hart & Tzokas, 1999; Souchon & Diamantopoulos, 1999) or utilisation (Bradshaw & Burridge, 2001; Diamantopoulos & Horncastle, 1997; Menon & Varadarajan, 1992) of export related information. In considering market orientation researchers have focused on the presence of appropriate information and behaviour (Cadogan & Diamantopoulos, 1998; Diamantopoulos & Horncastle, 1997; Hart et al., 1994). In contrast this study has identified and sought to understand the flow and action of information. Where past export research studies have sought to identify the process of information gathering and information utilization in firms they have been considered separately.

In export research Souchon and Diamantopoulos (1999) suggest that gathering of export information involves three modes, market research using resources internal and external to the firm, market intelligence drawn from the market through direct contact, and export assistance from local and central government. In suggesting this scale, the authors acknowledge that there is little empirical evidence on the impact of information gathering on the export process. Indeed Sinkula (1994) suggests that it is not information itself but the processing of information that changes behaviour in organisations. This suggestion is in keeping with the findings of this study which see firms in the sample faced with similar potential information in their markets but gathering and processing that information selectively.

Where studies have specifically considered the utilisation of information in exporting they have used definitions drawn from general business research. Among these definitions perhaps the most popular suggest that information should be classified by the type of use it is put to, as “instrumental”, “conceptual” or “symbolic” (Deshpande & Zaltman, 1982; Diamantopoulos & Souchon, 1999; Menon & Varadarajan, 1992). These classifications suggest that “instrumental” use is the direct application of information into specific problem solving, “conceptual” use is application of information in the development of managerial knowledge and “symbolic” use sees information used selectively to justify action or individual position rather than for any objective purpose.

While these definitions may facilitate research they suggest that information use is selective and unidirectional, a position that does not fit well with the findings of this study. Indeed this study, in suggesting that individual pieces of information may be synthesised and applied more than once implies that the applications of a single piece of information may be used in terms of all the above classifications. Although past thinking has not linked information flows directly to dynamic export processes, these flows by their very nature could be expected to change over time in response to changes in export outcomes and environmental circumstances providing the basis for change in export strategy processes.

This study has found a clear relationship between the outcomes of past export activity and future export strategy. Informant evidence suggests that the outcomes of past export activities provide a wider picture, which includes export performance and the export environment, than past export research has considered. It also suggests that while export strategy processes across firms are diverse they consist of the distinct elements of strategy formulation and review and strategy execution in export activities. The context of past business and export research provides strong support for the elements of these findings; however this support must be tempered by the limitations of the study.

8.4.0 Limitations

The findings of this study make a contribution to understanding the export strategy process and the export process as a whole. However the application of these findings are limited by the nature of the methodology and research method used to undertake the study, the geographic constraints within which the sample frame was selected and specific nature of the case firms themselves.

The objective of this study was to understand the export process in detail rather than focusing on the influence of a single variable or the pursuit of generalised findings. With this objective, the use of the methodology of phenomenology and case study method ensured the depth of insight required to provide the understanding sought in the research question. Pursuit of this depth of understanding meant that only a small sample of firms could be considered in the study limiting the generalisation of the findings across exporting firms in general.

The selection of the dynamic context of New Zealand specialist food exporters limits the potential to apply the findings to exporting firms in other countries. In addition, the selection of cases from one specific industry suggests that the findings may not be applicable to other industries in the same national context.

However, despite these conceptual limitations the sample provided a purposive sample of behaviour in sympathy with the research question.

Notwithstanding these limitations to the application of the findings they are preliminary findings intended to provide insight rather than a wide understanding. This insight may, in the future, provide a basis for further research across a wider sample frame to generate an understanding of an export process that applies across firms more generally.

8.5.0 Implications and Application of the Study

While the findings of this study may have some limitations, there is potential for their application in future research and to facilitate the efforts of export practitioners and policy makers. The findings will be particularly pertinent when considering firms of a similar size and in a similar export context to those participating in the study. In addition, researcher experience and the support found in export literature for these findings suggest that they may have some relevance across a wider group of exporters. In this section the implications of the findings of this study for export researchers are discussed in 8.5.1 and those for managers and policy makers are discussed in 8.5.2.

8.5.1 Implications for Future Research

The findings of this study go beyond past research thinking. The model of the export process across case firms, figure 7.8, extends past thinking to provide a conceptualisation that is close to export practitioner thinking. Use of this practitioner oriented model has the potential to allow future researchers to generate findings that are in keeping with the realities of exporters. However, for these findings to achieve wide application they need further strengthening. The exploratory nature of the study suggests that its findings will require strengthening before they are generally accepted and applied in further research.

Strengthened of the conceptual model could initially be provided through the replication of this study in another industry to indicate its relevance to a wider context. Either drawing on the findings of this study or replicated studies, the model could then be tested across a range of export enterprises using quantitative research approaches. The application of this thinking in research across a wide range of firms would confirm the generalisability of the findings and strengthen or refine the understanding that it proposes.

8.5.2 Implications for Managers and Policy Makers

In this regard key implications for managers and policy makers the practitioner oriented understanding that this study provides will allow them to pursue and support exporting in a manner that is meaningful to practitioners. In this regards a key implications are appreciation of the export process as a whole and the relative importance of informal and situation indicators in influencing the export strategy process.

Past export process conceptualisations suggest a formal, static, unidirectional export process and identify likely antecedents of exemplary performance.

This prescriptive understanding has resulted in individual firms and government agencies focusing on perceived antecedents of superior export performance and strategic planning processes as vehicles for the improvement of export outcomes.

This understanding sees managers and policy makers striving to ensure that exporting firms have the competences and formal export strategy processes that are perceived as necessary for export success. In reality many formal strategic plans are distanced from firm's export context realities, remaining filed in firm's bottom drawers rather than being of practical use.

Where policy makers seek to assist exporters in understanding their markets they have focused on third party market research, a tool that export research has suggested leads to superior export performance. Indeed in New Zealand the only government assistance available to exporters is subsidised third party advice and research. In practice third party research is carried out by consultants with little or no understanding of the realities of the exporter's markets or business.

This research suggests that the formulation and implementation of appropriate export strategies is perhaps the most important element of successful exporting. Findings suggest that export practitioners should focus their efforts on the action of export strategy over time rather than ensuring that they have formal written plans in place. Similarly, policy makers could draw on this and other supporting research to understand the importance of informal and situation indicator information.

This understanding suggests that it would be more productive to assist exporters in visiting customers and markets, rather than subsidising formal third party research. Indeed, the findings of this study and other export research lead one to question if there is any value in third party research for those exporters with mixed or informal organisational structures.

In addition to these broad implications the finding that the export process is dynamic has further implications for policy makers. While export practitioners who participated in the study were aware of change in the export processes, policy makers and government agencies fail to recognise change in their services to exporters. Support that adapts to suit changes in the export environment would be rather more effective than present standardized static offerings. Indeed change in export assistance in New Zealand appears driven by political objectives rather than the needs of exporters or any understanding of the export process.

In a similar manner the offerings to exporters from government agencies takes little account of the type of diversity among exporting firms identified in this study. As the findings suggest, exporters interface with their markets differently depending on their organisational structure. This suggests that any assistance to exporters proposed by policy makers must take account of this variety rather than continuing to prescribe the one size fits all assistance programmes.

Adoption of the objective practices that this research suggests, by export practitioners and policy makers has the potential to improve the export outcomes in individual firms and to improve the relevance of government services available to exporters.

8.6.0 Conclusions

The understanding of exporting as a dynamic process that this study provides is an extension of past export process thinking. In addition these findings suggest diversity in the detail of export processes across firms that were not clearly evident from past research. Indeed, it appears that in striving to understand that which is generalisable across exporting firms, researchers may have lost sight of that which is distinctive within firms. Although the differences between the dynamic export process identified in this study and past export process conceptualisations discussed in this chapter are dramatic there is support for many of the elements of the dynamic process within past export research.

The key feature of this dynamic export process is the flow of information generated in export activities which informs and generates change in firms export strategy processes. While the emphasis in this flow of information and in its application is a product of firm's organisational structures the process is common across firms. Among these exporting firms changes in the flow of indicator information from export activities provides a dynamic foundation for firms export strategy.

Chapter 9 Conclusions

The link between export performance and the export strategy process postulated in the research question was identified in the findings of the study. However, contrary to the relationship suggested in the research model, the influence of export performance on the export strategy process through the firm, the findings suggest that firm perceptions of performance influence the export strategy process directly. These findings further suggest that exporters, rather than drawing simply on quantitative measures of export performance, use a wide range of information from export activities to build perceptions of export outcomes and their export context, which inform the export strategy process. These export activity indicators influence both export strategy formulation and review, and the tactical export activities in which export strategy is implemented.

Among sample firms the gathering or generation and use of this export activity indicator information varied according to firm organisational structure. In analysis and discussion a focus on these differences in the export processes across firms facilitated understanding. More formally structured firms favoured formal indicator gathering and processing while firms with relatively informal organisational structures focused on gathering and applying less formal market intelligence information.

Although there are differences in emphasis, all sample firms generated, gathered and applied a full range of export activity indicators in their export processes. All sample firms had dynamic export processes in which being aware of change in export activity indicators was seen as providing potential competitive advantages for firms; indeed some firms sought out change in the pursuit of such advantages.

All sample firms drew on a stream of indicators of performance and contextual information to modify export strategy and export activities which, in turn, resulted in change to future export outcomes. The application of firm performance and environmental information in export strategy formulation and in export activities ensured that firms' export action was appropriate to the specific circumstances of individual firms. Although the focus of the study was on the export process rather than export performance, selection of sample firms showed that they were all successful exporters and, as suggested in business and export thinking, it seems that the appropriateness of their export strategies is important in this success.

In undertaking this study, research focused on the application of management perceptions drawn directly from export activity indicator information. However it was apparent from informant evidence that this information may accumulate in firms and individuals as knowledge.

It further appeared that this knowledge, and knowledge drawn from more general sources, was also applied in sample firm export strategy processes. While this aspect of firm export processes was outside the scope of this study it was evident that knowledge is influential in firm export strategy processes, a relationship that complements this study and requires further research.

The research approach identified as appropriate for this study proved to be suitable for providing the insight sought in the research question. This approach together with the case study method and specific research tools allowed the researcher to get close to the research context to develop an in depth understanding of export practitioner perceptions. While there may be criticisms of this research approach, the research method or the execution of this study, specific care was taken to ensure the validity and reliability of the findings.

The attention to detail in the design and execution of the study together with the support for the findings found in prior business and export thinking strengthens the findings. Although the understanding of the export process that this thesis proposes is different to past export research findings it complements rather than refutes them. Past export research has had different objectives from this study and these findings complement rather than conflict with earlier findings.

This complementary position sees these findings filling a gap in past thinking by providing understanding of the dynamic action in firm export processes.

Small sample size, narrow geographic spread of firms and specific industry context, which facilitated the research approach used for this study limits the application of the findings. However, they are preliminary findings that seek to produce insight rather than a wide understanding. In the future, the application of this insight over a wider sample frame may lead to an understanding of an export process that applies across firms in general. Indeed, the conceptualisation of the export process posited in this thesis provides an exporter oriented understanding that will bring future research closer to exporter reality.

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