FACTORS INHIBITING EXPORTATION: SOME EMPIRICAL EVIDENCE FROM THE SPANISH WINE INDUSTRY

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Abstract

What are the factors that impede firms' international expansion? Are the barriers perceived by a firm with marginal export activity the same as those perceived by a company wholly devoted to the export market? This paper will attempt to address these and other questions related to export barriers and to the various different stages of export development which a company must experience *en route* to becoming a major exporter or even a multinational.

For research purposes data was collected from a total of 286 exporting and non-exporting firms belonging to the Spanish wine industry. This sector was chosen because of its natural inclination towards exportation as an entry mode to foreign markets, given that the product's competitive advantage is based on factors which are unique to its country of origin. The results obtained show that, despite some proposals and conclusions that come from literature, decision maker's perceptions of export barriers -regardless the type of barrier considered- decreases as the firm moves further in the export development process, even when pre-export stages are taking into account. The main implications of the research work, together with its limitations and some ideas for future research are presented in the *conclusions* section of the paper.

Key words: export barriers, export development process, firms' export commitment, export promotion programs.

FACTORS INHIBITING EXPORTATION:

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The reasons why small and medium-sized companies either show an interest in or alternatively reject export activity as a means to increase business have been a subject of great academic interest since the beginning of the 1960's (Bilkey, 1978) and this interest has not waned in the slightest with the passing of time. The progressive liberalization and interdependence of economic and political systems, in particular from the 1970's and 1980's onwards, have inevitably led to economic globalization and in this new climate increasing exports has became an objective shared by most nations.

Export barriers

The term "export barrier" can be defined as any factor -be it external or internal- which serves to dissuade a company from starting to export its goods or which hinders or complicates actual export activity. The subject of export barriers has ample coverage in literature related to exportation. Most of the research work carried out has focused on discovering which are the principal factors inhibiting export performance on firms (e.g. Rabino, 1980; Kaynak and Kothari, 1984; Kedia and Chhokar, 1986; Karafakioglu, 1986; Keng and Jiuan 1989).

The majority of papers dealing with the subject of export barriers have used U.S. companies as the unit of analysis (Bell,1997). Nevertheless, several authors have shown an interest in investigating the different degrees to which such barriers are regarded as impediments to exportation by companies in different geographical locations. Along these lines, Kaynak and Kothari (1984) carried out research work using 484 companies from Texas and New Scotland with a view to comparing the responses of exporting and non-exporting companies from two different countries -the U.S.A. and Canada. One of the outstanding differences discovered was the fact that two of the main factors referred to by the U.S.A.

companies as export inhibitors, namely the hugeness of the national market and the complexity of foreign markets, were insignificant to the Canadian companies. Another piece of research work comparing two different countries was carried out by Sullivan and Bauerschmidt (1989) who looked into the differences in perceived export barriers from the perspective of U.S. and European companies from the paper industry. While companies of both nationalities agreed on high currency values as being the most important barrier, other barriers such as the size of the national market and the competition of local companies in foreign markets were given a different evaluation by the North American and European companies.

Moving away from the North American economic setting, papers by Chisteasen, da Rocha and Gertner (1983), Karafakioglu (1986), Keng and Jiuan (1989) and Gripsrud (1990) amongst others, have focused their research on companies from one particular country: Brazil, Turkey, Singapore and Norway, respectively. Each paper focused on a different sector of economic activity but nevertheless, while differences in the order of importance ranking for export barriers can be observed, the set of perceived export barriers was basically the same for all of companies, regardless of nationality and sector.

The research work carried out by Bauerschmidt, Sullivan, and Gillespie (1985) provided a turning point in the approach to the research work on export barriers. In the statistical analysis stage of the data obtained about seventeen export barriers, the authors detected a high degree of correlation between the different barriers under consideration, leading them to examine common factors which might explain underlying perceived export barriers. The fruit of this highly exploratory research work was the discovery of five factors: national export policy, comparative marketing distance, lack of export commitment, exogenous economic constraints and competitive rivalry (accounting for 46.6% of the variation). Further research work was carried out with the specific aim of analyzing the nature and structure of export barriers (Yang, 1988; Sharkey, Lim and Kim, 1989; Ramaswami and Yang, 1990; Gripsrud, 1990; Yang, Leone and Alden, 1992).

In general, all of the papers which were aimed at establishing the underlying dimensions of export barriers used the same exploratory type of methodology. All of them used a varying list of export barriers as starting points in order to subsequently apply a factor analysis using varimax rotation which allowed an interpretation of the factors obtained to be carried out (e.g. Bauerschmidt *et al.,*1985; Sharkey *et al.,*1989; Gripsrud, 1990). The result of this research has been, on the one hand, to ratify the theory expounded by Bauerschmidt *et al.* (1985) concerning the possibility of identifying a limited number of barriers capable of summarizing the complete set of export barriers. On the other hand, it becomes apparent that there is no consensus about either the number of underlying factors or about the exact content of each of these, which is to be expected when the starting point is not based on prior research work which can be built on.

Nevertheless, there is a group of academic researchers who have attempted to establish a theoretical framework about the possible underlying dimensions of perceived export barriers (Yang, 1988; Ramaswami and Yang, 1990; Yang *et al.,* 1992). These authors point out that there are four sources of export barriers which effect companies' export performance: export knowledge, internal resource constraints, procedural barriers and exogenous variables. In the following paragraphs we will consider each of these export barriers individually.

First of all, *export knowledge* barriers refer to lack of information and knowledge about aspects related to export activity. Export knowledge has been positively associated with the decision to commit resources to export activities (e.g. Aharoni, 1966; Pavord and Bogart, 1975; Bilkey and Tesar, 1977). Aharoni (1966) became one of the pioneers of export barrier analysis when he made the hypothesis that lack of knowledge about the foreign market constituted a barrier to increased commitment to international activity within a company.

Pavord and Bogart (1975) and Bilkey and Tesar (1977) found that firms which start export activity face difficulties associated with the identification of opportunities in foreign markets. For his part, Hernando (1993) points out the existence of a series of motivational barriers, associated with the conviction shared by many non-exporting companies that exportation is a risky, complicated and unprofitable activity. In our opinion the motivational barriers are simply the result of a general lack of knowledge about exporting. Lack of knowledge about foreign markets become even more significant when we bear in mind that information available about such markets is limited while the expense of acquiring such information is high for an individual agent (Hernando, 1993). Johanson and Vahlne (1977) emphasizes that general knowledge about exporting is important as well as a specific knowledge of foreign markets. Such knowledge should cover areas such as planning as well as general tactical principles of exporting regardless of the target market in question.

Secondly*, internal resource constraints* refer to the need for a firm to possess a series of resources in order for it to be able to initiate export activity. This type of barriers has been given considerable weight in existing literature as one of the main reasons why many companies firms prefer to cling on to a domestically-orientated strategy (e.g. Bilkey, 1978; Hernando, 1993). Such literature has highlighted the role played by financial resources in export activities, regarding the difficulty to obtain the necessary funds required to initiate or finance export operations as being a major obstacle (e.g. Bilkey, 1978; Bauerschmidt*et al.*, 1985; Keng and Jiuan,1989) as is the need to honouring letters of credit (Rabino, 1980; Barker and Kaynak, 1992). Needless to say, another important internal resource for major companies involved in export operations is the availability of personnel able to devote time to export activities (Rabino, 1980), while another is production capacity (Bauerschmidt *et al.*, 1985). Both of these can also constitute export barriers for many small and medium-sized companies. Furthermore, a company requires a series of external support resources such as banks which are prepared to foster international activities by companies in the local area (Groke and Kriedle, 1967, and Yang, 1988) or local trading firms which enable indirect export operations to be carried out (Root, 1994).

Thirdly, any company interested in exporting is faced with a series of *procedural barriers*, obstacles pertaining to the activity itself and which could have their origins either in the domestic market of the exporting company or in the foreign target market (Yang, 1988). Thus the complexity of the documentation associated with export operations inhibits many firms from carrying out such activities (e.g. Kedia and Chhokar, 1986; Keng and Jiuan, 1989; Sharkey *et al.,* 1989; Diamantopoulos and Schlegelmilch, 1990). Similarly, foreign governments can impose import tariffs on certain goods, constituting one of the classic export barriers (Bauerschmidt, *et al.,* 1985; Karafakioglu, 1986; Barker and Kaynak, 1992), but also non-tariff barriers such as the establishment of various quality control and safety standards (Rabino, 1980; Bauerschmidt *et al.,* 1985) which occasionally involve the need to adapt products to the requirements of the different foreign markets (Kedia and Chhokar, 1986; Keng and Jiuan, 1989). Further procedural barriers which have been identified in existing literature include transportation and distribution difficulties in foreign markets (Kedia and Chhokar, 1986; Barker and Kaynak, 1992) plus the difficulty of finding a trustworthy distributor in the target country (Rabino, 1980; Kedia and Chhokar, 1986; Kaynak, Ghauri, and Olofsson-Bredenlöw, 1987). In accordance with Ramaswami and Yang (1990), procedural barriers can be subdivided into two types, those which are controllable, in other words those which can be easily solved given the right experience (e.g. documentation) and those which are not controllable, in other words requiring case by case decisions, independent of the routine which has been acquired through experience (e.g. non-tariff barriers).

Finally, *exogenous barriers* have their origins in the uncertainty which exists regarding international markets, largely due to the activities of other players in the market - such as competing companies, foreign governments, supply and demand- meaning that these types of variables transcend the control of the exporting company (Yang,1988). Factors such as the powerful competition faced in foreign markets have been cited in this context (Bauerschmidt *et al.,* 1985; Karafakioglu, 1986; Kedia and Chhokar, 1986; Keng and Jiuan, 1989), as have political instability in foreign markets (Kaynak *et al.,*1987), the risk of variation in exchange rates (Bauerschmidt *et al.,* 1985; Karafakioglu, 1986; Kedia and Chhokar, 1986; Keng and Jiuan, 1989; Diamantopoulos and Schlegelmilch, 1990) and the risk of losing money (Bauerschmidt *et al.,* 1985).

Export development process

A review of literature concerning the internationalization of the firm enables us to affirm that, particularly in the case of small and medium-sized firms with limited funds (Buckley and Ghauri, 1993; Durán Herrera, 1994), and in general for all companies which are taking the first steps towards international business (Young, 1987), internationalization is a process of incremental involvement. This process is guided by the risks which are inherent in the lack of knowledge about foreign markets and the new tasks which such an involvement will imply. This justifies a gradual acquisition of knowledge in these areas and the subsequent increase in commitment towards international activity, as established in the development stages theory of the Scandinavian school of thought (Johanson and Vahlne, 1977, 1990; Johanson and Weidersheim-Paul, 1975). As a matter of fact, and despite the numerous criticisms which have been made against the sequential nature of the internationalization process, (see Andersen, 1993), according to Buckley and Ghauri (1993) we should not underestimate the importance of gradual learning even in the case of the most experienced companies in international business. Using this sequential view of the internationalization process as a starting point, we can affirm that exporting becomes a key learning tool in that process (Cavusgil and Nevil, 1980), since it is an entry mode to foreign markets which involves little or no investment. This reduces the initial economic risk and allows firm's products to reach foreign markets while the company still lacks knowledge about export operation procedures (Root, 1994).

Using as a basis the aforementioned arguments and the parallelism which has been established between the process of initiating export activities and that of the adoption of an innovation, a series of models has emerged which constitute the "innovation perspective" of the internationalization process. Pioneering reports from this particular perspective, based on Rogers' (1962, in Axinn [1985]) adoption process of an innovation, coincide in proposing a sequential export process by stages, each of which represents a different level of *exporting involvement*, in such a way that moving from one stage to the next involves a greater degree of commitment by the company towards internationalization. Therefore, as we have already pointed out, these models follow the same sequential pattern developed by the Scandinavian school of thought, in particular those of Bilkey and Tesar (1977) and Cavusgil (1990), which use the concept of psychological distance to determine at which foreign markets a company's exports will be directed. The innovation perspective models are different from one another in the number of stages which are established and in the description of each stage, starting off from the pre-export stages -such as total lack of interest in the activity- through to the active export phase (see Andersen, 1993).

After completing an exhaustive review of existing literature concerning the initiation of international activity by companies, Cavusgil (1990) states that three main conclusions can be made. We consider that these sum up the thinking which lies behind the development of the innovation perspective of the export development process. Firstly, initial steps taken by companies towards internationalization are characterized by being a gradual process, occurring in gradually increasing stages and over a relatively long period of time. Secondly, these initial steps can be considered as an innovation within the immediate context of the firm. Finally, many companies start exporting without having carried out much rational analysis or deliberate planning.

While the innovation models of the internationalization process have been subject to much criticism (e.g. Thomas and Araujo, 1985; Turnbull, 1987; Yang, 1988; Andersen, 1993), Andersen (1993) concludes his paper by emphasizing the fact that the sequential view of the internationalization process, both the Uppsala and the innovation perspectives, represent an important line of research within the field of international business and can potentially be used to explain the first steps taken by companies along the road to internationalization if future research takes into some methodological and theoretical considerations.

Export barriers and export development process: hypotheses

In accordance with the innovation perspective, it would seem reasonable, and indeed even irrefutable, to expect export barriers to be negatively related to a firm's export commitment. Thus, the level of export barriers perceived by the company management or the firm's decision-maker would have a negative effect on the international activity, both at the decision to start exporting (e.g. Welch and Weidersheim-Paul, 1977) and with respect to exporting firms' degree of commitment to foreign markets (e.g. Axinn, 1985).

Nevertheless, it would appear that the level of consensus is not so high if we take into account the so-called pre-exporter stages, that is to say the difference between (a) companies which do not export and demonstrate no interest in the activity and (b) non-exporting companies which do show interest in exporting. In the view of certain authors (e.g. Sharkey, Lim and Kim, 1989; Yang, *et al.*, 1992), the former group will perceive fewer export barriers than the latter, which contradicts the innovation approach prediction. This hypothesis is based on the following argument. On the other hand, Weidersheim-Paul, Olson, and Welch (1978) discovered that companies do not begin to look for information about export operation procedures until they have developed a strong interest in the activity as an expansion strategy. For Yang *et al.* (1992) the implication of this finding is that non-exporting companies which are more interested in exporting are more aware of the importance of learning in order to be able to overcome export barriers. In this way, a non-exporting company interested in exporting would be expected to perceive more barriers than an uninterested company, meaning that, in this case, there is a positive relationship between perception of barriers and commitment is positive. This possible relationship is highly relevant when attempting to analyze the exporting potential of non-exporting firms. (e.g., Yang *et al.,* 1992).

In this paper we have opted for the first of these arguments –negative relationship between perceived export barriers and export commitment-, understanding that exporting as a growth strategy is very different from other expansion strategies -products development, functional markets development or even market penetration- because it involves a number of barriers which are the exclusive domain of internationalization (Buckley, 1995). This argument validate the innovation perspective. Therefore, as a general hypothesis, we would propose that the degree of perceived *export barriers* by the firm's decision-maker is negatively related to his/her firm's degree of export commitment.

On the other hand, and in accordance with previous comments about types of barriers, there are four different types of export barriers (Yang *et al.,* 1992): export knowledge barriers, internal resource constraints, procedural barriers and exogenous barriers. Therefore, the verification of the general hypothesis will involve the stating of the following hypotheses with relation to the various different export barriers:

H1: The degree of perceived importance of *export knowledge barriers* is negatively related to firm's export commitment.

H2: The degree of perceived importance of *internal resources constraints* is negatively related to firm's export commitment.

H3: The degree of perceived importance of *procedural barriers* is negatively related to firm's export commitment.

H4: The degree of perceived importance of *exogenous barriers* is negatively related to firm's export commitment.

Methodology

Literature about export emphasizes the importance of isolating the influence of external factors when the aim is to analyze factors of an internal nature –e.g. firm's decision-maker perceptions about export. Thus, for example, Cavusgil (1984a) states that the control of the variables related to the different national markets or with the company's sector of activity is an element which has been abandoned in research about internationalization and such an omission reduces de validity of the results. Therefore, and taking into account the existence of national and sector-related factors which can exert an influence on companies' export behavior, we consider it to be opportune to limit the scope of this study to a single specific country and to just one economic sector, which thus enables us to isolate the influence of the aforementioned contingent factors. (Roth and Morrison, 1992).

Specifically, our research has been based on a study of export barriers for companies in Spanish wine industry. We selected this economic activity as the framework for our research because, amongst other reasons, it satisfies the following criteria. First of all, this is a multi-domestic industry (Kobrin, 1991), an important consideration bearing in mind that we must choose a sector in which internationalization is a strategic option rather than a technical/financial imposition which is inherent to the activity. Also, wine is a product with a high international volume of trade and it is a market in which Spain plays an important role (Spain is the world's third wine-exporting nation, surpassed only by France and Italy, both in terms of volume and value).

Within the Spanish wine industry, our research was centered on companies whose wines have been awarded the "denominación de origen" (henceforth DO). This is a certificate guaranteeing that the produce is from a specific geographical area of Spain. We chose DO wines firstly because they are a high quality product and are exempt from the market regulations of the EU. Secondly, because using the DO gave us access to a complete and clearly-defined population group since every DO regulatory council keeps updated records on all companies which have been awarded the certificate. This made it much easier for us to control the sampling error. Finally, it enabled us to work with a more homogeneous group of firms. Thus the population was composed of a sample group of 1,716 wine-producing firms operating under one of the 50 DO's registered in Spain by 1997, when the field work was carried out.

The data used in this research belong to a wider study and was collected by means of a postal survey in which the respondent was the manager of each of the wine companies. As manager, he enjoys a wider overview of the business in general and is also responsible for decision-making with respect to all aspects of trading, including exportation. In the case of cooperatives, where there is no manager figure, the president was addressed.

Following a stratified sampling procedure proportional to the number of firms registered in each of the 50 DO's, the questionnaire was sent to the manager/president of 1500 wine companies selected at random. In all, 297 companies collaborated with the research and returned the completed questionnaire, giving us a response rate of 19.8%. However we were forced to discard 11 of these questionnaires, bringing the real response rate down to 19.1% and providing us with a sampling error of 5.5%. Furthermore, the population structure with respect to the DO variable to which the firms belonged was well preserved in the sample group, all 50 of the DO's being represented.

Measuring export barriers

In the questionnaire the respondent was asked to indicate to what extent he considered that the various different export barriers acted as obstacles to the initiation or expansion of export activity in his/her firm. Five-point Likert scales were used for this purpose, with responses ranging from "not an obstacle" to "major obstacle". The scales which we used to measure each of the four types of barrier analyzed can be seen below. In the lack of an alternative, the scales used in this study are based on those obtained by Ramaswami and Yang (1990), adapted and extended as appropriate to the specifications of the wine industry as described in the following paragraphs.

Export knowledge barriers. The scale used to measure export knowledge barriers is the same as the one obtained by Ramaswami and Yang (1990) which obtained an extremely high degree of results reliability (alpha = 0.87). The items on the scale were as follows: (a) lack of awareness of economic and non-economic benefits of exporting, (b) lack of awareness of export assistance available, (c) lack of knowledge of best potential markets, (d) general lack of knowledge about how to export and (e) lack of staff for export planning. The scale obtained by Ramaswami and Yang (1990) also featured a sixth item - lack of methods to generate trade leads. This was omitted from our questionnaire as it proved confusing to respondents when we carried out the pre-test of the questionnaire.

Internal resource constraints. The following six items were used to measure internal resource export barriers: (a) lack of capital or credit to finance export sales, (b) lack of finances for market research and development, (c) lack of local banks with adequate international expertise, (d) unwillingness of banks to serve small and medium-sized businesses, (e) lack of private sector export marketing firms to serve wine industry, and (f) lack of manufacturing capacity. The first four items are taken from the scale obtained by Ramaswami and Yang (1990) -*alpha* = 0.81. As for the *export* knowledge barriers, pre-test results persuaded us remove an item which was causing some confusion, namely *lack of ability to adequately follow up trade leads.* Furthermore, a review of existing literature about export barriers and obstacles led us to include the final two items.

Procedural barriers. The scale used to measure procedural barriers consists of five items and is the result of adding to the scale obtained by Ramaswami and Yang (1990), which achieved an acceptable degree of results reliability (*alpha* = 0.73) a new item, namely *differences in wine consuming habits*, since the need to adapt the product to foreign markets is one of the most commonly-mentioned barriers in literature about exportation (e.g. Sharkey *et al.,* 1989; Bauerschmidt *et al.,* 1985). The scale was therefore made up of the following items: (a) language and cultural barriers, (b) transportation and shipping costs, (c) export documentation requirement and red tape, (d) trade barriers to Spanish exports, and (e) differences in wine consuming habits.

Exogenous barriers. The scale obtained by Ramaswami and Yang (1990) to measure exogenous barriers included only two items (high value of US dollar and the strong foreign competition) and proved to be a weak instrument (alpha = 0.57). In our research work we proposed a scale to measure exogenous barriers composed of the following items: (a) risk of variations in exchange rates, (b) strong foreign competition, and (c) risk of losing money. Firstly, we do not consider the strength of a country's currency per se to be a universal barrier. It could be valid, for example, for North American exporters with their traditionally powerful currency, but it loses its value in countries with much weaker currencies. Furthermore, the validity of the item depends on the context in which the research is carried out, this is, sector to which the export companies belong, exports country of origin, the time at which the field work is carried out, etc. For this reason we decided to substitute this item with the risk of variations in exchange rates, a factor which is commonly mentioned in existing literature as a possible export barrier (e.g. Bell, 1997).

Similarly, after carrying out a review of existing literature about export barriers (e.g. Bauerschmidt *et al.,* 1985; Sharkey *et al.,* 1989; Root, 1994) we decided to include the item *risk of losing money* which we regarded as being relevant. In accordance with Root (1994), the risk of losing money in international trading operations stems from two sources, the risk of non-payment and exchange rate variations.

Measuring export commitment

A review of empirical research work about export behavior enables us to state that there are two different types of export commitment measures: the quantitative and the qualitative type of measures. The quantitative variable most commonly used to measure export commitment is *export propensity* - the percentage of sales that the firm obtain by exporting (e.g. Cavusgil, 1984a; Axinn, 1985). The main advantage of using this is that it is a continuous quantitative variable reflecting the relative importance of export activity within a company.

Regarding these qualitative type of measures, several authors have based their research on the identification of the differences between exporting and non-exporting companies (e.g. Simpson and Kujawa, 1974; Cavusgil and Nevin, 1981; Cavusgil and Noar, 1987; Tesar and Moini, 1998) thus placing the focus of their analysis on *the probability to export* -the proportion of firms involve in export activity. Meanwhile, the authors following the innovation perspective of the export process (e.g. Bilkey and Tesar, 1977; Cavusgil, 1984b; Schlegelmilch, 1986) have considered more than those two basic levels of export commitment. Although grouping firms into stages which represent different levels of export commitment, most of these measures has used exporting propensity -a quantitative variable- to define the various stages (e.g. Cavusgil, 1984b; Schlegelmilch, 1986; McNaughton, 1992). Nevertheless, authors such as Reid (1983), Gripsrud (1990) and Yang *et al.,*(1992), have emphasized the importance of considering intentions about export in the export commitment measures (e.g. intention to start exporting or to increase export activities in the forthcoming years) with the aim to obtaining a more successful treatment of non-exporting firms within the context of a study about exporting.

Thus, in this study we decided to use a qualitative measure not based exclusively on export propensity, but also on relevant information of a qualitative nature. The respondents were first asked to choose between five possible states that which best described the situation of their company with respect to export activity, following a self-clustering process (see table 1). Secondly, the qualitative information thus obtained was blended with (a) the quantitative information collected by means of three open questions to evaluate the firm's *export propensity* over the last three years, and (b) the qualitative information obtained from another question in which the respondent was asked to indicate whether his/her company had any intention of initiating or increasing their export operations over the next two years, with “yes” or “no” being the two alternative responses.

Bringing together all of this information allowed us to develop a qualitative measure for export commitment which we have named *export development* and which groups together the sample companies into four successive levels of export commitment, two for non-exporting companies -interested and uninterested in exporting- (e.g. Pavord and Bogart, 1975; Cavusgil, 1990) and two for exporting firms -in the process of exporting and experienced exporters- (e.g. Pavord and Bogart, 1975; Schlegelmilch,1986).

Descriptive analysis and measures development

Export development stages

As we have just explained in the previous paragraph, the *export development* variable is obtained from the wine firm manager’s choice of the current state of his company with respect to export activities. Table 1 sets down the five export activity states as well as the numbers and proportions of companies in the sample group corresponding with each of these. We can thus observe that a high percentage of the firms surveyed (47.2%) consider that they are currently at the initiation stage in the export development process, while only 13.6% place themselves in the bracket of long experience in the export activity.

Table 1. Firms’ Export Situation

Export Situation Statements	n	%
Your firm has never exported and has no intention to do it in the near future	41	14.3
Your firm has never exported but is interested in starting to export	52	18.2
Your firm has marginally exported, but the experience has been somewhat disappointing	19	6.6
Your firm has had export profitable experiences, but are taking the first steps towards international markets	135	47.2
Your firm is an experienced exporter	39	13.6
Total	**286**	**100.0**

Secondly, and bearing in mind that the essential feature of the measure which we are attempting to develop is that it should allow us to obtain groups of homogeneous firms with respect to the export commitment level, we decided to take a closer look at the trajectory of the 19 companies which claimed to have carried out export operations at some time in the past but that the results of such operations had been disappointing. Thus, when we considered the data about export propensity over the last three years together with the information collected about the firm's intentions to initiate or increase export activity in the near future, we were able to observe that the 19 wine firms form a highly heterogeneous group of firms with respect to past and future trajectories. Three groups of firms sharing a similar trajectory were identified in all.

The first group is composed of seven firms, which, apart from being the only ones with no intention to increase export activity over the next two years, are characterized by the fact that they have carried out no export operations, at least in the last twelve-month period -some of the firms have not carried out any exports for the last three years. These are companies which are not interested in exporting and for which the disappointing results of export operations carried out in the past have acted as a dissuading factor.

The companies in the other two groups all intend to increase export activity in the near future, but they differ in terms of previous export experience. Thus, the second group is made up of three companies which, while having exported practically nothing over the last three years (none of them had carried out export operations in 1997) state their intention to increase export activities over the next two years. For these companies, any disappointing export experiences are not recent. These firms can be considered as non-exporting, but interested in exporting.

The third group consists of nine firms which have been exporting continuously over the last three years, which, together with the stated intention to increase export activity in the future, makes them companies at the development stage of the exportation process.

Therefore, all of the 286 firms in the sample can be grouped into one or another of the four export development stages with which we are going to measure export commitment. Table 2 provides a description of each *export development* stage, as well as the correspondence between this variable and the firm's export situation (see table 1).

Table 2. Export development stages

Stage	Name of the Stages	Description	Relationship with the Export Situation statement
1	Uninterested non-exporters	Firms which have had no export activity in the near past and have no intentions to start exporting.	Cluster 1 plus cluster 3 firms which have no intentions to start exporting in the near future.
2	Interested non-exporters	Firms which have had no export activity in the near past or have marginally exported, but are interested in start an active export activity.	Cluster 2 plus cluster 3 firms which have no exported in the last year, but have intentions to start exporting in the near future.
3	Developing exporters	Exporters which are taking the first steps in export markets.	Cluster 4 plus cluster 3 firms which have marginally exported in the near past and have intentions to increase exports in the near future.
4	Experienced exporters	Exporters with a great experience in marketing to foreign markets.	Cluster 5

Table 3 displays the number of companies from the sample belonging to each of the export development stages. One interesting feature of these figures is the fact that 50% of wine firms are developing exporters, while almost 20% do not export but are interested in the activity and just 16.8% are totally uninterested in export activities.

Table 3. Firms' Export Development Stage

Stage	Name of the Stages	Number of firms	Percentage
1	Uninterested non-exporters	48	16.8
2	Interested non-exporters	55	19.2
3	Developing exporters	144	50.4
4	Experienced exporters	39	13.6
	Total	**286**	**100.0**

Export barriers

Table 4 displays the nineteen barriers which are analyzed in this study. Five of these are related with knowledge, six with the resources required for exporting, five with procedural aspects and three with exogenous barriers. The barriers are ordered from greatest to least obstacle according to the points awarded by the respondents. From the information in this table we should highlight the common profile of the top three barriers which are all related with the lack of resources for carrying out export operations: lack of knowledge of best potential markets, lack of finances for market research and development and lack of staff for export planning. On the other hand, at the bottom end of the table we encounter aspects which are beyond a company's control, such as language and cultural barriers, trade barriers to Spanish exports and the risk of exchange rate fluctuations. We should also point out that all of the obstacles which we proposed were effectively regarded as such, since none of them was given a central position value of less than 3 -rather an obstacle- (see median and mode in table 4).

Table 4. Export Barriers Ranking

Export Barriers	Mean*	Median	Mode
1ª Lack of knowledge of best potential markets	3.933	4	4
2ª Lack of finances for market research	3.784	4	4
3ª Lack of staff for export planning	3.352	4	4
4ª Strong foreign competition	3.398	3	4
5ª General lack of knowledge of how to export	3.279	3	4
6ª Differences in wine consume habits	3.273	3	4
7ª Lack of awareness of export assistance available	3.210	3	3
8ª Export documentation requirements and red tape	3.199	3	3
9ª Lack of private sector export marketing firms to serve wine industry	3.114	3	3
10ª Lack of awareness of economic and non-economic benefits of export	3.064	3	3
11ª Lack of capital or credit to finance export sales	3.037	3	3
12ª Unwillingness of banks to serve small and medium-sized businesses	3.030	3	3
13ª Lack of manufacturing capacity	2.968	3	3
14ª Risk of losing money	2.956	3	3
15ª Transportation and shipping costs	2.948	3	3
16ª Risk of variations in exchange rates	2.757	3	3
17ª Trade barriers to Spanish exports	2.689	3	3
18ª Lack of local banks with adequate international expertise	2.662	3	3
19ª Language and cultural barriers	2.591	3	3

* Standard deviations: minimum 1,06 (16ª barrier) and maximum 1,40 (13ª barrier).

With respect to the measure of the four theoretical barriers, table 5 displays the reliability analysis for each scale. Once the reliability of the scales had been demonstrated we went on to simplify them by means of a factor analysis using *varimax* rotation.

As can be seen in table 5, the four scales used to measure the four types of theoretical barriers have a reliability level of over 0.6. More specifically, the knowledge barrier scale (*alpha* = 0.80) and the resource scale (*alpha = 0.82*) were highly satisfactory. When the six original items were included in this latter scale an *alpha* value of 0.78 was obtained, but when the “lack of production capacity” item was removed the scale reliability rose to 0.82. This is the reason why this item was excluded from the factor analysis.

Table 5. Reliability Analyses

Type of Export Barriers	Initial *Alpha*	Final *Alpha*
Knowledge barriers	0,80	0,80
Resource barriers	0,78	0,82
Procedure barriers	0,69	0,69
Exogenous barriers	0,60	0,60

Table 6 sets out the results of the factor analysis which was carried out in order to reduce scale dimension. The result of each factor analysis was a single factor, which we will use as the variable for contrasting the hypotheses which have been formulated.

Firstly the “knowledge barriers” factor achieved an eigenvalue of 2.80 and accounts for 55.9% of the overall variation of the scale. Secondly, the factor summarized as “resource barriers” achieved an eigenvalue of 2.90, accounting for 58.1% of the variation. Thirdly, the “procedural barriers” factor achieved an eigenvalue of 2.24%, accounting for 44.8% of the variation. Finally, the “exogenous barriers” factor had an eigenvalue of 1.70, accounting for 56.5% of the variation.

Table 6. Export Barriers Dimension Reduction

FACTOR ANALYSES	Com.	Load
KNOWLEDGE BARRIERS (KMO = 0.77; Bartlett esfericity = 428.21***)		
Factor 1: KNOWLEDGE BARRIERS (55.9%)		
Lack of awareness of export assistance available	0.53	0.72
Lack of awareness of economic and non-economic benefits of export	0.57	0.76
Lack of knowledge of best potential markets	0.47	0.69
General lack of knowledge of how to export	0.69	0.83
Lack of staff for export planning	0.53	0.73
RESOURCE BARRIERS (KMO = 0.81; Bartlett esfericity = 439.75***)		
Factor 1: RESOURCE BARRIERS (58.1%)		
Lack of finances for market research	0.40	0.63
Lack of capital or credit to finance export sales	0.55	0.74
Lack of local banks with adequate international expertise	0.60	0.77
Unwillingness of banks to serve small and medium-sized businesses	0.70	0.84
Lack of private sector export marketing firms to serve wine industry	0.66	0.81
PROCEDURE BARRIERS (KMO = 0.76; Bartlett esfericity = 188.13***)		
Factor 1: PROCEDURE BARRIERS (44.8%)		
Transportation and shipping costs	0.44	0.67
Differences in wine consume habits	0.44	0.67
Trade barriers to Spanish exports	0.55	0.74
Language and cultural barriers	0.36	0.60
Export documentation requirements and red tape	0.44	0.66
EXOGENOUS BARRIERS (KMO = 0.59; Bartlett esfericity = 96.86***)		
Factor 1:EXOGENOUS BARRIERS (56.5%)		
Strong foreign competition	0.50	0.71
Risk of variations in exchange rates	0.69	0.83
Risk of losing money	0.50	0.70

[a] Values into parentheses show the variance percentage explained by each factor.

Results

The general hypothesis stated that the degree of perceived *export barriers* by the firm's decision-maker is negatively related to his/her firm's degree of export commitment. More specifically, hypotheses were formulated relating to the four different types of export barriers: knowledge (H1), resources (H2), procedural (H3) and exogenous (H4).

In order to analyze the relationship between the export barriers and export commitment we used one-way ANOVA. The results of these analyses are given in table 7, which allow us to state that none of the four barriers analyzed is independent of export commitment, as we had hypothesized. Besides, we were able to identify the direction of the relationship by analyzing among which of the export development stages mean was significantly different (comparisons column) and what is the direction of that difference (means column). We are now in a position to comment on the mean differences for each of the barrier types.

With respect to *knowledge barriers* the differences between pairs of means indicate that this variable is particularly efficient for identifying differences between exporting and non-exporting firms, since we can state that the decision-makers of the latter perceive more knowledge barriers than exporting firms' decision-makers, who are less concerned by this type of barrier.

On the other hand, *resource barriers* would appear to be more efficient for distinguishing between companies which are interested and those which are not interested in exporting, since the mean of the firms in stage 1 is significantly higher than that of the firms in stage 2. Furthermore, we can state that companies with considerable export experience (stage 4) display a significantly lower average than interested non-exporters (stage 2).

With respect to *procedural barriers,* we can state that companies with considerable export experience display a mean value which is significantly lower than that of the other stages of export commitment. This means that the only firms which do not perceive major procedural obstacles are companies with considerable export experience, which would seem logical. Nevertheless, mean values grow in inverse proportion to export commitment, although some of these differences are not statistically significant.

Finally, the *exogenous barriers* allow us to distinguish the least between the different exportation degrees. Statistically significant differences can only be found between non-exporting firms (stages 1 and 2) and companies with considerable export experience (stage 4).

Table 8. Relationship between perceived export barriers and export commitment

Export Barriers	Export development stages	n	Mean	SD	F (p)	*Comparisons*			
						1	2	3	4
Knowledge Barriers	1	34	0.57	0.94	11.4854 (0.0000)				
	2	53	0.4	0.92					
	3	139	-0.16	0.93		T	T		
	4	39	-0.46	1.03		T	T		
Resource Barriers	1	33	0.59	0.92	14.3238 (0.0000)				
	2	50	0.36	0.83		T			
	3	139	-0.1	0.95		T			
	4	39	-0.69	1.01		T	T		
Procedural Barriers	1	33	0.78	0.83	10.2924 (0.0000)				
	2	51	0.15	0.94					
	3	140	-0.17	0.92					
	4	39	-0.26	1.15		T	T	T	
Exogenous Barriers	1	34	0.67	1.23	7.6845 (0.0001)				
	2	51	0.14	0.99					
	3	141	-0.15	0.07					
	4	39	-0.23	0.16		T	T		

T Statistically significant differences between pairs of mean for each pair of export development stages (following Scheffé's test, $p < 0.05$).

Conclusions

The conclusions of this study can be summarized as follows. First of all, the breaking down of export barriers into four types -knowledge, resource, procedural and exogenous- allows us to state quite categorically that regardless of the type of barrier under consideration, the more difficult and complex export activity is perceived to be, the lower will be a firm's level of export commitment. These results are consistent with the establishment of a parallelism between the initiation of export activity and the innovation adoption process within the company (e.g. Axinn,1985). Nevertheless, we are also in a position to state that the relative importance of each type of barrier would vary in accordance with the export development stage which the company was experiencing at the time. Thus, for companies which are not interested in exporting (first stage), the resource barriers are the most significant. Similarly, for non-exporting companies which are interested in the activity (second stage), it is knowledge barriers which differentiate them from the rest. Finally, procedural barriers provide the most significant differences between exporting companies in the development phase (third stage) and companies with considerable export experience (fourth stage).

Furthermore, and with respect to implications, this study provides major possibilities for helping to improve public programs of foreign advertising. The efficiency of export promotion campaigns designed and implemented by governments are intimately related with both (a) the identification of target companies for such programs -normally exporting companies and non-exporting which are interested in exporting (Yang, 1988)- and with an appropriate segmentation of them, and (b) the awareness of firm's different needs with respect to internationalization, all of which involve different forms of support programs. This study contributes to both of these aspects.

On the one hand, the results of this study could be useful for segmenting firms from the wine industry into one of the four export commitment levels which we have defined -uninterested non-exporters, interested non-exporting, development exporters and experienced exporters- which could be of use for categorizing target companies for export promotion programs.

On the other hand, with respect to the type of support required by each category of companies, the four types of export barriers analyzed displayed significant differences amongst the four categories of companies. Such differences are useful for adapting export promotion programs to the specific needs of each type of companies. First, for companies which are not interested in the export activity, governments should focus on giving information about assistance available, especially reporting on the programs designed to overcome small and medium-sized firms' lack of financial and human resources to start exporting. Second, for the group of firms which do not export but are interested in the activity, it would be necessary to design programs to address the deficiencies both in terms of general knowledge and procedural aspects, such as seminars or crash courses on international trade and marketing methods. Third, for companies in the development phase, such courses will have to be focused on more specific procedural aspects. Finally, for experienced exporters, who are more concerned by exogenous export barriers, government should give publicity to the different types of export credit available or even increase financial assistance programs.

Besides underlying the most important implication of the paper, we must recognize the *static nature of the study* as a limitation because of the lack of an analysis of decision making about exporting over a period of time. As a consequence of this it is not possible to ascertain the effect which variations in export barriers perceptions would have on a firm's level of export commitment.

With regard to possible future lines of research, a natural extension would be the carrying out of more studies using the same methodological framework in *different economic contexts* be they different sectors within the same national economy -which would require the a adaptation of the questionnaire to the new industrial context- or the extension of the study to other national economy -in which case the industrial economy condition would remain the same. This extension would allow the analysis of the effects which changes in the contextual situation could have on the results obtained.

Furthermore, with respect to the measurement instruments used it would seem desirable to continue working on the design of more reliable scales for the theoretical export barriers, so that these should include the obstacles of relevance for companies which may have been omitted, in particular in the case of exogenous barriers.

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