THE UNION INSTITUTE & UNIVERSITY

The PROJECT DEMOSTRATING EXCELLENCE (PDE)

Participation of Small Business Enterprises in International Business Operations: The Case of Nigeria

Submitted in Partial Fulfillment
Of the Requirements for the

Degree of
Doctoral of Philosophy

In
Business Administration

From
The Graduate College of Interdisciplinary Arts and Sciences

May 25, 2002

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ABSTRACT

This study was a national survey of 300 small business enterprises in the United States (U.S.) which were currently involved in international business operations in Nigeria (Africa). This study examined the extent to which six selected factors (impediments and incentives) determine the participation of United States small business enterprises in business in Nigeria. The selected factors were *social, legal, economic, political, technological,* and *regulatory and institutional factors (SLEPT)*. Specifically, the study sought to determine the importance of these six factors in decisions of small business enterprises (SBEs) to engage in exports to Nigeria. The factors examined were identified from a review of international business literature. The areas most reported in the literature review as impediments (barriers), or incentives were labeled as core factors. These factors were *social, legal, economic, political, technical, regulatory and institutional* in nature.

Using the identified factors as a guide, a three-part questionnaire was developed and mailed to 300 small businesses identified from lists secured from the U.S. Export Assistance Department of Trade and the Center for Trade and Technology Transfer, both located in Atlanta, Georgia. Of the 300 mailed questionnaires, 118 were received, of which 109 were useable, or a response rate of 39%.

The findings for this study were reported in descriptive, narrative form. The major findings showed that while the respondents considered the social, economic, political, technological, regulatory and institutional factors, most important determinants of participation in International Business Operations, the legal factors were considered

insignificant for doing business in Nigeria. These findings were an anomaly because they did not support the well-documented empirical literature that concluded contrary.

Participants were concerned with continuity of Nigeria's government policy. These related concerns caused businesses to hesitate when entering long-term commitments, such as long-term contracts and joint ventures, with the host country. The quality of the infrastructure was deemed highly consequential for U.S. businesses operating in Nigeria.

The study has implications for export research and the importance attached to both internal and external factors as determinants of exporting. Several studies have looked at the separate relationship of *social, legal, economic, political, technological, regulatory and institutional factors*. The findings of this study are consistent with other research in the field.

DEDICATION

Dedicated to my Grandparents, Smedia Wilkes and Mary Lee Wilkes.

ACKNOWLEDGEMENTS

Many people contributed to the success of this dissertation. I first want to thank God, for without Him this certainly couldn't have been possible. Thanks to the Union Institute for allowing me to pursue my dreams by providing an outstanding learning model through which to do it. The process was fabulous. I want to thank Dr. Lena B. Prewitt, who in spite of her many commitments, agreed to be the core member of my committee. She provided precise guidance throughout the entire project. Special thanks to the other members of my committee: Dr. Ciyata Coleman, Dr. Twyla Cummings, Dr. Grover B. Hall, Dr. Lloyd Williams, and Dr. Martin Uhomoibhi. Thanks to friends and colleagues for their encourage and support: Sandra R. Bell, Dr. Hector Butts, Dr. Prince Ordu, Dr. Ivor Mitchell, Nony Mbzabue, Dr. Judy Smith and Dr. Richard Caldarola. I especially want to thank my parents, Mary Merritt-Thompson and William T. Merritt, for always encouraging me to shoot for the stars. Thanks to my brother Michael Merritt for always being in my corner and lending a listening ear. To my four children, Benjamin D. Williams, Mallorie G. Williams, Sabrina R. Williams and Kamal S. Williams, I thank you for allowing me to accomplish my dream and being patient throughout the process. Most of all, I would like to thank my supportive husband, Benjamin, for being patient with me throughout this process.

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CHAPTER I

INTRODUCTION AND RESEARCH PROBLEM

Introduction

As a United States entrepreneur, manager, or business professional, opportunities are always sought to increase the profit margin, both domestically and internationally, amid increasing competition and obstacles. Interestingly, firms are finding it necessary and worthwhile to compete in the global economy; failure could be detrimental to the firms' success and the U.S. economy (Young, Lawson, & Duncan 1986; Ogbuehi & Longfellow 1994; Beamish & Delios, 1997). Thus, in today's global economy, small business enterprises, medium-sized businesses, and even large corporations, face the challenge of how to compete in the world economy. The globalization process, involving markets and production, has continued, while shifting the terms and conditions that determine international production and markets, thus ensuring the shift toward a more integrated and interdependent world economy (Gnepa, 2001).

According to Nelson (1994), international trade ranges from small service industrial firms, banks, and insurance companies, to giant trading entities like the Japanese Sogo Shosha, and multinational companies that sell capital equipment and build land business bridges across entire continents. While large firms have been able to cope with the dynamics of the process through their own efforts based on experiences gained by first mover's (mining, agriculture, or shifting production processes) advantage, small and medium-size firms are still trying to catch up. Wright and Ricks' (1994) research found that the globalization trends provide opportunities not only for large multinational firms, but small firms as well, which mainly participated in the domestic market. While many opportunities exist, they are met with internal and external barriers

(Karagozoglu & Lindell 1998; Roth 1992; Ali & Swiercz 1991; Naidu & Parasad 1994). As shown by the relevant literature, it is widely known that firms face numerous social, legal, economic, political, and technological barriers in international trade.

According to the U.S. Department of Commerce (2000), exporting plays a very important role in the United States' economy. The Department of Commerce reported in 1999 that exports of goods and services from the U.S. accounted for more that $956 billion. Ludolph (1998) stated that the U.S. accounts for about 12.6 percent of the world's exports and 16 percent of services. Exports supported more than 12 million jobs in the U.S. in 1997, and accounted for about 12 percent of the gross national product. Burpitt and Dennis' (2000) research stated that about 209,000 firms are engaged in exporting. Almost 97 percent of all exporters are small and medium-size firms. Therefore, with the aid of the trend toward globalization, exporting opportunities for firms are bounteous for those firms that are poised to expand their market share by their move to internationalize.

According to the former United States Secretary of Transportation, Rodney Slater, (1999), there is a growing market for international trade with the continent of Africa and there is a need for more Americans to enter this global and profitable market. One of the most positive aspects of Nigeria's transition is the government's willingness to work with private-sector investors. Nigeria's steps toward privatizing and increasing the private sector in the government-controlled enterprises holds particular promise in the three areas of consumer and industrial goods and service. *Economic Policy and Trade Practices* (2000) indicated that tremendous opportunities exist for small businesses that can serve these markets. Mutual involvement in these areas can help Nigeria stabilize and mobilize its labor force while creating more jobs and building a stronger Nigerian economy.

Research Problem

This study examined the extent to which six selected factors (impediments and incentives) determine the participation of United States small businesses enterprises in business in Nigeria. The selected factors were *social, legal, economic, political, technological,* and *regulatory and institutional factors (SLEPT).* Specifically, the study sought to determine the importance of these six factors in decisions of small business enterprises (SBEs) to engage in exports to Nigeria. The researcher identified factors from the literature and surveyed U.S. small business enterprises to access the efficacy of those factors as critical core elements for conducting business with Nigeria.

These six categories of factors (impediments and incentives) were quite repetitive in the literature, and thus were deemed "core" factors to be considered in doing business with Nigeria. Therefore, this study examined the extent to which core factors (*social, legal, economic, political,* and *regulatory and institutional*) were considered by U.S. small business enterprises that engaged in international business operations with the country of Nigeria.

In examining the extent to which the six selected factors (impediments and incentives) determine the participation of United States small businesses enterprises in business in Nigeria, a review of relevant professional literature, including sources provided by the Department of Commerce (DOC) and the Small Business Administration, was conducted.

The mission of the DOC is to engage with countries for the development of small businesses worldwide. It does this against the backdrop of promoting U.S. competitiveness in the global marketplace by stimulating export companies to export more. Thus, recognized directly or indirectly, the functioning of the DOC gives direction in identifying feasible options for trade between Nigeria and U.S. small businesses (Department of Commerce, 2000).

Background of the Problem

The interest in this topic resulted from exploring countries that the researcher believes would benefit from increased SBEs' involvement in international business. The actual interest arose in 1998 and took the researcher to the continent of Africa in hopes of unveiling uncultivated avenues that would lead to opportunities for U.S. small business entrepreneurs.

Additionally, the potential role for SBEs in the global economy was explored in the literature at various local, national, and international levels, respectively. *The Economic Trends and Outlook, (*1999) and the *Economic Perspectives, (*Gjedrem, 1999) for the continent of Africa reported that there exist many opportunities for small business enterprises. In 1998 President Clinton, in announcing *Partnership for Economic Growth and Opportunity in Africa*, stressed the adoption of democracy and free market principles as the two increasing forces of growth and development in the states of Sub-Saharan Africa. Further, in 1998, the passing of the *African Growth and Opportunity Act* (AGOA) by the U.S. Congress provided new opportunities for growth and advancement for many African nations. Under AGOA, designated countries located in sub-Saharan Africa would provide eligible textile and apparel articles that are imported directly into the customs territory of the U.S. from a beneficiary sub-Saharan African country. The AGOA stipulated that these articles "shall enter the U.S. free of duty and of quantitative limitations, provided that the country has satisfied the requirements of The ACT." It further aimed to assist in the establishment of procedures to protect against unlawful trans-shipments. It also provided special rules for certain apparel articles imported from lesser-developed sub-Saharan African countries. Modification of the Harmonized Tariff Schedule of the United States in 1998 was done in order to implement these special tariff treatments. It limited existing quotas placed on textile and apparel articles imported into the United States. Specifically, 34 countries were assigned as beneficiary sub-Saharan African countries. The Federal Republic of Nigeria was among the beneficiary sub-Saharan countries (White House, 2000).

These policy initiatives are supported continuously by increased technology. Additionally, trade, communications, and travel are bringing millions of dollars in revenue to Africa, which is gaining greater political stability, growing markets, and thus establishing stronger political and economic growth and opportunities for itself and other countries that would trade with it.

In the U.S. there is a growing recognition that small business enterprises should be poised to exploit the potential in these markets via increased exports. The U.S. Department of Commerce (2000) discussed the significance of small businesses to the U.S. economy and their fierce move into the global markets. It further posited that there were 24 million small businesses that would have been represented at the World Trade Organization meeting (WTO) in Seattle. Additionally, the DOC stated that the number of small businesses that export has tripled in the last decade. This growth was from very small companies, which employed fewer than 20 employees per company and made up 65% of all U. S. exporting firms to Nigeria in 1997. This number was up significantly from 1992, when the smallest firms represented 59% of exporters (Department of State, 1999).

Since the colonial era, Britain has been Nigeria's dominant trading partner. As late as 1955, Nigeria exported 70% to Britain and 47% of its imports came from Britain. However, although trade with Britain remained large, in the 1970s the United States replaced Britain as Nigeria's chief trading partner. In 1988, the United States bought more than 36% of its exports (petroleum products); however, Britain remained Nigeria's leading vendor, selling the nation more than 14% of its imports (The World Almanac and Book of Facts, 2000). Based on this history and current conditions, small business enterprises are viewed as the potential vehicle to enhance exports to Nigeria. Thus, the U.S. is positioned to take advantage of the promotion of trade and investment in Nigeria.

Purpose of the Study

The purpose of the study was to verify the extent to which the six selected core factors impact the decision of U.S. small business enterprises to engage in IBOs with Nigeria.

Hypotheses

The central hypothesis was that increased U.S. business involvement in international business operations (IBOs) with Nigeria is a function of the presence or absence of a number of core factors that impact trade. The null hypotheses were as follows:

Null Hypothesis 1:

Social	United States SBEs do not find social factors important to their participation in IBOs with Nigeria.

Null Hypothesis 2:

Legal	United States SBEs do not find legal factors important to their participation in IBOs with Nigeria.

Null Hypothesis 3:

Economic	United States SBEs do not find economic factors important to their participation in IBOs with Nigeria.

Null Hypothesis 4:

Political	United States SBEs do not find political factors important to their participation in IBOs with Nigeria.

Null Hypothesis 5:

Technological	United States SBEs do not find technological factors important to their participation in IBOs with Nigeria.

Null Hypothesis 6:

Regulatory and Institutional	United States SBEs do not find regulatory and institutional factors important to their participation in IBOs with Nigeria.

Significance of the Study

This study is significant for a number of reasons. First, the findings will assist small businesses in the process of understanding problems they may face in their attempt to compete and survive in international business operations. Second, the study provides a basis for more intensive studies in various small business enterprises in international business operations with respect to Nigeria. It is believed that since this study was carried out with particular reference to Nigeria, its findings and implications will be relevant to local, state and federal governments, and privately owned businesses in all parts of the world.

Third, its significance relates to the belief that the international community will benefit from this study because small business enterprise operations in international environments provide employment, and thus contribute to an increase of both countries' gross national product (GNP) and overall economic markets. Fourth, significance resides in the pioneering nature of the study within the United States, and should help stimulate interest and encourage future scholars to do more research on this subject.

From the findings, insights and guidance will be provided to assist SBEs that desire to begin, or expand, their market shares through engaging in international business operations with Nigeria. This information will offer some critical assessments of the impediments, as well as incentives, which have been experienced by U.S. managers of small business enterprises who are currently engaged in international business operations with Nigeria. Having information about some of the problem areas which are encountered by some U.S. firms could help to eliminate some common mistakes made by novice SBEs. Such insights could provide an understanding of how firms can better operate in foreign business environments where a "win-win" situation is possible for both the exporting firm and the host country. They could provide a way for firms to determine some of their mode of entry choices, and determine how they might minimize the level of risks associated with entering high-risk, international markets (Anderson & Gatignon, 1986; Cardozo, 1995) such as Nigeria and other developing markets. Further, information on common mistakes of SBEs could guide novice SBEs by assisting with formation of international business operations, such as one that operates with a host market focus, whose objectives would be to serve the international market by enhancing that country's economy (Bridgewater, 1995).

Assumptions

The basic assumptions made in carrying out this study were that:

1) a limited number of small businesses engage in international trade, especially with emerging countries such as Nigeria;
2) the analysis of the data gathered from these businesses will yield valid information that can be used in the creation of a model for the participation of small business enterprises in international business operation with Nigeria, and perhaps in other similar countries;
3) the findings will assist the Department of Commerce with its mission of engaging with other countries for the development of small businesses worldwide; and
4) assist with curricula for international business training.

Limitations of the Study

Fundamental problems were encountered in the course of this study and they added several limitations. Nigeria's status as a developing country limits the amount of international trade activity by U.S. small business enterprises, thus, creating a small sample size. This study was further limited to U.S. exporters and did not include importers. This study did not include predictors of export performance. Finally, this research was limited to only the small businesses studied and may not represent medium size or large exporting firms.

Research Questions

The following research questions were relevant to the successful completion of this study:

1. What effect do *social, legal, economic, political,* and *technological* factors have on the United States small business enterprises IBOs with Nigeria?
2. What effect do U.S. and/or Nigerian regulatory barriers have on United States SBEs engaging in IBOs with Nigeria?

Definition of Terms

For the purpose of this study, the following definitions of terms were used:

1. Culture - specific learned norms of a society, based on attitudes, values, and beliefs (Henderson & Milhouse, 1987).
2. Developing Countries - a poor county, also known as third world, less developed, or LDC (Daniels, 1992).
3. Economic Factors – elements relating to financial measurement and control and/or differences in exchange rate, market size, competition, financial institutions and credit concerns (Tayeb, 2000).
4. Exports – goods or services leaving a country (Daniels & Radebaugh, 1992).

5. Exporter- a firm which sells its product(s) outside the continental United States, Hawaii, Alaska, and U.S. territories and possessions (Daniels & Radebaugh, 1992).

6. Globalization - trend away from distinct national economic units and toward one huge market (Adler, 1991).

7. Internationalization - international business operations (exporting and/or importing (Tayeb, 2000).

8. International Business Operations – cross-border business activities undertaken by a firm (Tayeb, 2000).

9. International Business – all business transactions involving two or more countries. The business relationships may be private or governmental (Tayeb, 2000).

10. Less Developed Countries (LDCs) - Those countries in the poorest economic circumstances. Many of these countries are located in Africa, Asia, and Latin America, with economies that rely heavily on the production of agriculture and raw materials and whose per capita GNP and standard of living are substantially below Western standards (Rourke & Boyer, 1998).

11. Legal Factors – elements involving any aspect of legal dimensions of business, which could be uncertainty of patents, trademarks, contracts, laws governing exporting and importing, and taxes (Tayeb, 2000).

12. Regulatory and Institutional Factors – elements relating to regulatory assistance or barriers imposed by state, federal, international or other government assistance agencies (Tayeb, 2000).

13. Political Factors - elements regarding supportiveness of U.S. agencies, good governance, political stability and bi-political factors (Tayeb, 2000).

14. Small business enterprises (SBEs) – small business enterprises are companies employing fewer than 500 employees and having sales less than $5 million per year (Moin, 1995).

15. Social Factors - elements relating to culture, language, experience, religion, values, attitudes, trust, education, and organization/relationships (Henderson & Mihouse, 1987).

16. Technological Factors - can be defined as elements that relate to the use and effectiveness of technology (Terpstra, 1978).

CHAPTER II

LITERATURE REVIEW

Introduction

The chapter presents information relevant to this study through the review of empirical and theoretical literature on small business enterprises in international business operations (IBOs). It first sets forth a review of the relevant literature pertaining to the six factors which impact IBOs (*social, legal, economic, political, technological, regulatory and institutional).* It also includes a discussion of the historical and theoretical framework for international business operations. The chapter concludes with a summary of the literature review.

In conducting this review, specific attention focuses on prior studies and research findings on social, legal, economic, political and technological, regulatory and institutional factors as they relate to IBOs. Many of the studies concentrated on similar factors as they relate primarily to manu- facturing firms. The literature is replete in examining the various aspects of trade, but there is a deficiency in the literature on bilateral trade between the United States and Nigeria. However, there were studies on the privatization of emerging economies (Ramamurti, 2000) and the benefits they provide for the country's economic performance. These factors are generally uncontrollable, and therefore present a high degree of risk which is an important contributor to business performance (Lusch & Laczniak 1989; Thorelli; 1986).

A search of the literature found several studies on related topics, such as exploratory constraints and possible solutions to improving small business enterprises' effectiveness in international business operations. The review of studies in this chapter includes: *Financing Export Activities of Small Canadian Businesses: Exploring the Constraints and Possible Solutions.* (Tannous, 1997); *Considerations in Foreign Market Entry* (Madhok, 1996); *Export*

Promotion, (Naidu & Prasad, 1997); *Export Development*, (Cavusgil, 1986, 1990); *Managerial Perception and Export* (Axinn, 1998); *Exploratory Studies on Increasing Exports* (Schuster, 1989); *Export Behavior* (Culpan, 1988); *Firm Size and Export Performance* (Samiee & Walters, 1990); *Choice of Foreign Entry* (Erramilli & Rao, 1988) and others. They belong in one of the six categories of core factors: social, legal, economic, political, technological, regulatory and institutional.

Generally, it is difficult to point out only one factor as the reason for a decision to participate in international business operations. The decision depends on many factors and events (Tayeb, 2000). Some of the prior empirical research on exporting focused on the firm's performance. Studies conducted on performance primarily used the indicator for performance as those that of export versus non exporters (Christensen, et al. 1987 and Denis & Depleteau, 1985). This study explored firms participating in exporting, but did not discuss their success. Therefore, studies such as *Influence of Firm Size on Export Planning and Performance* Samiee & Walter (1991), argue that continued exporting does not necessarily constitute success. In addition, Louter, Ouverkerk, & Bakker (1991) believed that export success is not an objective term as each firm measures success differently.

The research literature is replete with reports of studies about variables that are associated with firm's characteristic decision to export, and with the evaluations of what makes them successful. Exploratory areas include such issues as the firm's size (Ali & Swiercz, 1991; Kaynak & Ghauri, & Olofsson-Bredenlow, 1987; Czinkota & Johnston, 1983; Ortiz-Buonafina, 1990); characteristics (Ogbuehi & Longfellow, 1994; Bilkey & Tesar, 1977); managerial attitudes and behavior (Kedia & Chhokar, 1985; Adijanto, 1988; Pak, 1991); the ability to acquire information (Reid, 1984); and export performance of the less developed countries

(Dominguez & Sequeira, 1993). In general, the literature suggests several dimensions of issues facing the internationalization of the small firm including, but not limited to, firms' stimuli for engaging in international markets (Robertson & Wood, 2001);attitudes toward international competitiveness as constrained by internal and external issues; and the concomitant process of development of international markets (Crick & Jones, 2000).

Because of the recognized need for trade policy, various laws were established to regulate international trade. In 1994, the World Trade Organization was established, replacing the General Agreement on Tariffs and Trade (GATT) under the Final Act of the Uruguay Round. The Final Act of the Uruguay Round was signed in 1994 by 124 governments, providing for a global reduction in trade barriers; establishment of a multilateral framework of disciplines for trade in services; and the protection of trade-related intellectual property within the past two decades. In 1993, developing countries accounted for more than one-third of the world's top 25 exporters and importers. An equally important development is the increasing number of small and medium-size firms that began to intensify their export options. Additionally, trade in service sectors indicates a continuous growth in most countries (Seyoum, 2000).

A study (conducted particularly from an African perspective) looked at the foreign direct investment and the globalization process. It found that privatization and a country's labor force/market size, population and political instability, have a strong correlation for attracting foreign investors to business opportunities in Africa. Equally important are various political frameworks and administrations in African countries, which include country location, resource endowment, and global economic conditions (Obazuaye, 2000).

Oguhebe's 1991 study found that an obvious cultural gap exists between Nigerian and U.S. societies. He contended that this gap did not indicate a problem for U.S. firms. The study, however, postulated that the Nigerian market is generally a difficult market for U.S executives to make business decisions largely due to its political instability, poor leadership, poor economy, weak infrastructures, bribery and corruption, and relatively low *Protestant* work ethics.

Closer to the present study, and on the same continuum, Ekpo (1999) examined the significance of nation-building and sought to identify specific variables needed to improve economic and market development for Nigeria. He writes that in Nigeria various social factors, new and improved economic strategies and educational strategies are all quite vital if Nigeria is to build a strong, self-sufficient and sustainable nation.

It holds true that all economies can benefit by increased trade and foreign direct investment. Odif's (1999) research accessed *Economic Policies, Democratization and Investment Inflow in Nigeria* as important for strengthening the Nigerian economy. Odif argues that political democracy is strengthened by effective, economically productive democracy. Thus, he recommended that the Nigerian government study the market and learn how to evaluate its various alterations, thereby creating a way to benefit from would-be participants' involvement in policy-making decisions. This in turn should result in guiding economic policies as well as a stronger, stabilized government that is poised to assist with improving the quality of life for its citizens.

Core Factors

Social Factors

Prior research studies on social factors affecting international business operations fall in three areas: culture and language, experience and organizations, and relationships. Some findings of these studies are presented below.

Culture and Language

Culture can be defined as the specifically learned norms of a society, based on attitudes, values, and beliefs (Henderson & Milhouse, 1987). Doing business across national boundaries requires the interaction with people, and their institutions and organizations nurtured in different social and cultural environments. Values that are very important to one group of people may mean little to another.

Social and cultural awareness represent ideally an understanding of the antecedent conditions for the formation of export exchange relationships (Ellis & Pecotich, 2001). Cultural adaptation benefits in the intercultural negotiations within the context of selling, making it easier for firms to establish stronger business relationships. This is due to the awareness of the social differences that separate them (Pornpitakpan, 1999). Earlier studies within the similarity-attraction relationship theory, social identity theory (Tajfel & Fraser, 1978), and balance theory suggest that while understanding the culture and the language is important to the success of the firm, these are not the most essential elements.

What is most interesting, Robertson and Wood (2001) found in their study of the *Relative Importance of Types of Information in the Foreign Market Selection Process* that culture is the least important factor for managers when deciding what foreign markets to enter. Thompson

(1996) found that international businesses are crippled by informational constraints, communication distortions, and a difficulty with achieving a level of acceptance in the local business culture. Knowledge of the gravity of ethnicity and nationality has yet to be addressed in relationship to other factors and their effectiveness to internationalization.

Numerous studies have investigated the effects that culture has on business success. Many studies used Hofstede's proposed cultural dimensions to investigate how differences in value, perceptions, and satisfaction affect a fiirm's success in international business operations (Mead, 1994).

Experience

The importance of experience in a changing global environment is identified as a core factor in international business operations (Blinkey & Tesar, 1977; Dominguez & Sequeira, 1993; Ogbuehi & Longfellow, 1994). The authors postulate the need for exporters to meet not only product requirements, but also the behavioral expectations of the importers. Failure to do so may have an unrecoverable effect on the business relationship.

In tandem with business experience is the significance of prior business and personal experiences to the effectiveness of internationalization and overall success (Bartlett & Ghoshal, 1989). It is also thought that there is the mechanism of a shared vision operationalized through a set of shared goals that must be agreed upon prior to internationalization between managers of firms and the host country (Piercy, 1981; Bartlett & Ghoshal, 1989). Reid (1987) believed that decision makers' attitudes, experience and motivational levels are primary determinants of participating in international business operations. Similarly, managerial attitudes and behaviors are the results of knowledge about export procedures and practices possessed by managers of firms (Kedia & Chokar, 1985; Adijanto, 1988; Pak, 1991). Axinn (1998) found managers' perceptions about internationalization to have a direct relationship toward the growth of the firms involved in export activities.

Conversely, resources of small firms are considered a constraint to the extent that such constraints cannot be overcome by proactive involvement and attitudes toward international expansion and competition (Crick & Jones, 2000). However, studies found that the relationship of a firm's size impacted its export performance, and that smaller firms tended to engage in export activities more often than medium-size or larger firms (Kynak & Ghauri & Olofsson-Bredenlow, 1987; Ortiz-Bounafina, 1990; Samiee & Walters, 1990; Ali & Swiercz, 1991; Czinkota & Johnson, 1993). This could mean that smaller firms require a higher level of confidence and trust between the parties, thus influencing the firm's options of foreign entry (Erramilli & Rao, 1988). Thus the experiences, characteristics, and attitudes of managers affect the firm's performance (Crick & Jones, 2000). The need to establish strong relationships is important when trading with overseas suppliers, as these relationships are generally developed through prior industrial experience. The suppliers may need additional considerations, because of the complexity of documentation requirements, foreign exchange rate fluctuations, and trade barriers (Katsikeas, 1997).

McDougall and her colleagues (1994) considered that founders of newly formed, international companies viewed opportunities to earn higher returns by establishing IBOs as a result of previous international and industrial experience. A primary motive for new IBOs was international experience providing knowledge of foreign markets (Brush, 1992; Holm & Eriksson, 2000; Johanson & Vahlne, 1990). Firms may have a great deal of knowledge and experience; however, some experience may not be useable in foreign market development, unless it is combined with empirical knowledge obtained through interaction in that particular market (Blankengurg, 1995; Denis & Depeltreau, 1985). Ray (1981) argued that international business experience allows individuals to evaluate current and future opportunities in a market niche that is local, national, multi-domestic or global. Equally important is alertness to new business opportunities which may be influenced by prior industrial experience (Casson, 1985).

Conversely, in the study by Robertson and Wood (2001), they found that the experience of the managers was not the most important factor when deciding which market to enter; rather the overall market was more important.

The underlying, key aspect of market potential in their study related to the nature and degree of competition present in the export markets.

Organizations and Relationships

Recently, Ellis and Pecotich (2001), using the social network perspective, emphasized the role of interpersonal ties, and suggested that "the salient influences are often social rather than economic" in initiating export activities. Zuckerman (1998) found that venturing into foreign markets requires that a firm create an international network. Likewise, (Welch et al., 1998; and Welch, 1992) suggested that reciprocity between inward and outward activities based on interaction between buyers and sellers, determined a more integrated internationalization of the small firm.

As managers begin to engage in IBOs, they learn more about each other (Hamel, 1991). The relationship of managers and their customers are important sources for generating market knowledge and facilitating market entry, which establishes more purposeful business operations (Hertz, 1993; Lee, 1987). Lye and Hamilton's (2001) research examined the relationship between the importers and the exporters. They asserted that importers were influential to the outcome of any didactic relationship, and generally their views tend to differ from those of the exporters. The nature of many international trade exchanges has shifted from "exporter led" to "importer led", reversing earlier roles.

Researchers in the field of organizational buying behavior have devoted particular attention to the study of vendor selection criteria and relationships. This is associated toward weights within the domestic market context (Haas, 1989; Patton, 1996). Equally important, Holm and Eriksson (2000) contended that suppliers view foreign customers as conduits for market development, which results in stronger business relationships and commitments. In contrast, there is a sufficient amount of empirical research comparing the supplier selection criteria from the perspective of international purchasing.

Legal Factors

A large amount of research occurs in eight areas: control and competition, foreign and direct investment, licensing, international contracts, corruption, intellectual rights and copyrights, tariff factors, and monopoly.

Control and Competition

The legal environment of each country is unique. Many countries have laws on the books that require exporters to obtain licenses before engaging in trade across national boundaries. Therefore, there is a need to establish the right mix of consumers, producers and national interests, reflecting the control and influence of international trade (services, export and import goods), such as import restriction, entry barriers, and export promotion which come into effect through national and international laws (Phatak,1997). For example, Snyder (1999) argued that the globalization process requires an understanding of the multiplicity of laws (common, civil, socialist and theocratic) based on the specificity of sites, situational factors and strategic importance of the international business transactions. He considered sites specificity to include institutional (for example local participation), normative and processual characteristics based on the history, internal dynamics, and distinctive features of each country and/or region.

Robertson and Wood (2001) found that the legal environment was a concern to managers when selecting export markets. They were particularly concerned with laws that: (1) influenced the nature of business or contracts, protection patents, trademarks, copyrights, and accounting standards; legal environment for health, environment, and safety standards; labor, antitrust and cartels (competition), prices and taxes; (2) established guarantees for resolutions (domestic or international) to contract violations or property right protection that aided in determining entry modes (exporting, turnkey contracts, licensing, franchising, joint ventures, or wholly owned subsidiaries) to be chosen by the business; and (3) established parameters for determining the flexibility of adhering to these established controls (Daniel & Radebaugh 1999).

Foreign and Direct Investment

National atmospheres conducive to the flow of foreign direct investment represent the concerns of major economic multilateral institutions such as the World Trade Organization, General Agreement on Tariffs and Trade, International Monetary Fund, and the International Bank for Reconstruction and Development (a/k/a *World Bank*). For example, the IMF, as a conduit for healthier democratic countries and institutions, underscored the importance of the legal framework for the conduct of international investment in its Structural Adjustment Programs, as approved for developing countries.

In order to attract foreign direct investments, many developing countries devised investment incentives. Even though foreign investors were bombarded with such foreign direct investment incentives, most studies show that they had little impact on the location of FDI (Contractor, 1990). Rolfe, Ricks, Pointer, and McCarthy (1993) and Woodward and Rolfe (1993), found that foreign investors were concerned about host country foreign exchange restrictions. Brewer (1993) argued that a country's political risk (i.e. changes in government policies) had an effect on FDI projects; thus, imperfection in the market resulted in fewer foreign direct investments.

Licensing

Licensing permits a foreign firm to produce products in return for a fee on each unit sold. License agreements may include patents, copyrights, production, franchises and technical expertise. The agreement normally specifies a geographical and time-horizon agreement (Naumann & Douglas, 1991). Licensing is both a leading and a collaborative means of international competition as well as a substitute mechanism for the international transfer of technology, via horizontal and vertical investment (Lorange et al., 1986). Licensing is also the permission to import or export merchandise within a specific time, quantity or location(s) (USDOC, 1999). Licensing has significantly had a positive impact on capitalized value between domestic and international licensing agreements (Gleason, Mathuri, Singh, 2000).

Contractor's, *Negotiating compensation in International Licensing Agreements* (1981) denoted that licensing is generally a viable alternative market-servicing strategy for exporting and direct investment. These studies shape much of what is known about contract-based entry mode (Cross, 2000). In the environment of a developing country, licensing may not be attractive because of the lack of technical expertise and import restrictions, two factors that may hinder exporting.

Intellectual Rights and Copyrights

There have been widespread changes in international business operations for technology through the 1900s. Intellectual property rights have been strengthened across national markets, particularly in developing countries, as well as under the guidance of World Trade Organization, General Agreements on Tariffs and Trade and the World Intellectual Property Organization (Cross, 2000). Maskus (2000) contended that Intellectual Property[1] is an indispensable asset for any firm that it needs domestic and international protection from infringement. Tennant (1999) contended that copyright law in the United States tries to strike a balance between the rights of a work's creator to receive adequate compensation, as opposed to the benefit for society as a whole, by limiting those rights in specific ways. Unless one owns the copyright to that material, or it is in the public domain, permission must be granted by the right's holder. Because of the technological changes that have occurred in the last ten years such as internet, cell phones and facsimile (i.e. fax), intellectual rights and copyrights in international business operations received growing interest with the increasing use of technology, thus the greater importance of understanding intellectual rights and copyrights.

Against this backdrop of greater need to acquire knowledge that governs intellectual rights and copyrights, an increasing concern has been addressed by Melnik (1994) and Karpe (1996), as the government of the United States and North America Free Trade Agreement

(NAFTA) have reviewed their joint proposal and sought to protect a database under copyright laws. The derived debate is: whether copyrights and intellectual property constitute an intellectual creation due to their "selection" or "arrangement." The proposal also looks at ways to unify the laws that govern international rights and copyrights.

International Contracts

Doing business internationally has its share of challenges, especially as it relates to understanding the local laws. Of great concern to international managers, investors and exporters, are international contracts (Smith, 2001). Therefore, understanding the interrelationships between implicit and substantive contracts, and the strategic use of information sharing in negotiations, are important to the exporter and the host country buyers. Norwell, (1998) found that legal factors in new markets require firms to establish strong financial structures. Nigeria (2000) discussed the changes that occurred in its government in 1996 and implications to the country's contract laws. Under the new changes, goods arriving without an IDR shall be confiscated. These changes have grave consequences on foreign business owners who are unfamiliar with these and similar laws.

Corruption

To state the obvious, corruption in business does not exist in a vacuum. Corruption exists on the local, state, national, and international levels. Knack and Keefer (1995) found that the quality of government institutions, including the degree of corruption, affects investment and growth as much as other political economic variables (e.g., political freedom, civil liberties, and

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[1]Intellectual Property includes intangible assets such as patents, copyrights, brand names, trade marks and designs (Root, 1984).

political violence). Kaufman and Wei (1999) found that firms paying more bribes also spend more time with bureaucrats in more corrupt countries and have a higher cost of capital, thus countering the view of corruption.

Most levels of government and national agencies try to regulate corrupt practices. However, corruption in business exists in every known government throughout the world. According to Business News (2002), President George W. Bush and Vice President Dick Cheney have come under fire for their individual two corrupt business practice scandals. President Bush has been criticized for selling 66% of his shares in Harken Energy Corporation, while serving on the board of directors, two months before the stock fell by nearly 50%. Similarly, Vice President Cheney's has been attacked for cooking the books for Halliburton Corporation while he was the Chief Executive Officer.

Sheffet (1995) discussed The Foreign Corruption Practices Act[2] of 1977 and the Omnibus Trade and Competitiveness Act of 1988. She further explored the effects that these Acts have on international business operations. Szeftel (2000) found that crises of underdevelopment and debt are understood as consequences of corruption, and not causes. Nevertheless, this appears to be an area of great concern to prospective international business partners.

Geo-Ja Ja (2000) assessed the credibility of claims that the Foreign Corrupt Practices Act (FCPA) of 1977 puts United States companies at a disadvantage in international business operations with Nigeria. Wei and Shang-Jin (2000) examined the other side of the spectrum: the effect of corruption on international investors. They found that foreign investors should be concerned with the amount of corruption and political stability, or instability, of the country.

[2] The Foreign Corruption Practices Act (FCPA) covers two areas of concern: accounting standards and payments to foreign officers. It requires companies to maintain accurate corporate books and records and to devise international accounting controls. Payments are unlawful under the FCPA if the purpose is to influence any act or decision of a

Tariffs

As countries throughout the world strive to accelerate economic growth and raise the standard of living for their peoples, these respective governments develop ways to streng- then international trade as an instrument for achieving said goals. As a result, tariffs or taxes imposed by a government on physical goods moving into a country have been used to regulate international operations. Furthermore, tariff or tariff-free protection may be used to protect infant industries, or to keep out nonessential consumer goods ("World Bank," 1991; Root, 1994). Even industries that have enjoyed significant economies of scale in several countries may fall into this category. Historically, the primary instrument of trade policy used by governments has been import tariffs. Today tariff-free barriers (e.g., quota, border taxes, customs procedures, antidumping regulations, domestic subsidies and others) and export promotion, are heavily employed (Root, 1994).

Governments may also regulate exports to promote increased economic development. This has been a common practice for many countries as they strive to improve the economic and political markets, and make them more attractive to potential foreign investors.

Numerous strategies have been incorporated by countries all over the world to improve their markets, such as a reduction in tariff and trade barriers and special treatment of internal taxation and regulation. In order to strengthen the U.S. deficit trade position and its own economic condition, small businesses are encouraged to engage in international business operations (Naumann & Douglas, 1991). Naumann and Douglas further postulated that nontariff barriers were a major impediment for small business exporters.

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foreign government or political party (bribery), in order to obtain or retain business, or direct it to another person (Root, 1984).

Lowering tariff barriers presents small firms with the opportunity to augment profit while opening up new markets (Szekely & Vera 1991; Wu & Longley, 1991). Equally important, tariffs have been influential for U.S. imports and exports (Crucini & Kahn, 1996). The international trade theory supports the concept of free trade. However, in most cases, the international movement of goods may cause concern for new and existing foreign business endeavors.

Monopoly

Root (1984) contends that the net effect of monopoly on international trade may be detrimental or beneficial. Monopoly profits are always detrimental, but they may be more than offset by economies of scale and rapid technological advance. Old monopolies have the ability to restrict the opportunity for international specialization and trade, by holding prices far above costs and charging what the market can bear. Conversely, when there is effective competition among oligopolistic enterprises[3], international trade will generally benefit from economics of scale and rapid improvements in technology. Improvements in technology, particularly in communications and transportation, and information processing have made international trade more feasible and more profitable (Griffin & Pustay, 2002).

In this view, while most of the following studies deal with Organization of Petroleum Exporting Countries (OPEC) as a profit-maximizing cartel that seeks monopoly profits by influencing prices and production, other studies argue that the world crude oil market is competitive, and that oil price increases can be explained by factors other than cartelization.

[3] Oligopolies occur in a market where there are fewer than many sellers resulting in imperfect competition. Oligopolies are behaviorally distinct from other types of industry because firms need to take into account the interdependency between their own decisions and those of rivals (Tayeb, 2000).

Some statistical studies have been introduced to examine these models, but said studies have been confined exclusively to the single-equation path (Alhajji, 2000).

Economic Factors

This section discusses growth, price stability, foreign exchange stability and employment levels and skill labor availability. The research in the economic factors affecting international business operations is in the aforementioned areas. There are major factors for promoting trade in host countries, such as Nigeria, as a result of the research.

Economic Growth

The economic environment comprises people's wants and needs, and the economic policies of their country. Economic growth and the environment may be examined by analyzing a population and the income data of the target country. The importance of understanding global economic developments and trends have not been understated in the literature (Phatak, 1997). Importantly, the ever-changing nature of the global environment has presented stability and risk concerns for international companies, because they present uncontrollable influences on their business strategy designs.

Developing countries generally provide larger market potential and exhibit overall stronger economic growth, but investing therein is more risky than investing in industrial countries. Factors such as economic growth, price stability, foreign exchange stability, and employment levels and labor availability, have presented implications for the choice of actions by multinational enterprises to remain competitive (Daniel & Radebaugh 1992). Economic growth is a crucial determinant of people's welfare and symbolizes the status of a country relative to its partners. It is measured as the annual percentage change in real output of goods and services per capita. It is an indicator of the differences between countries in their level of development, and functions as a barometer of attractiveness of a country to multinational enterprises (Daniels & Radebaugh, 1992).

Economic growth is a complex process involving in many important areas. These areas include quantity and quality of labor, increase in usage of natural resources, physical capital input, technological advances, economies of scale, specialization of labor and trade, migration of resources from low productivity to high productivity, and government protection of property rights (Sexton, 1999). The level of volatility of real gross domestic product (GDP) or gross national product (GNP), is a measure of the economic risk of a country and is analogous to business or operating risk in corporate finance (Clark & Marois, 1996; Obazuaye, 2000).

Ideally, multinational enterprises prefer countries that have (1) political stability, (2) low rate of inflation, (3) high rate of real growth, (4) strong export promotion policies, (5) minimal current account imbalances, (6) manageable national debt, and (7) high per capita GDP (Daniel & Radebaugh, 1999). Seyoum (2000) argued that understanding current trends underlining global business environment is essential for international business managers.

Inclusive in these trends are the global thrust for a market economy and the move toward privatization of enterprises that was state owned. The worldwide increase in the number of middle-class consumers, revolution in global communications, information technology, emergence of East Asia as an economic power, and the movement toward regional trade bloc and freer international trade, replicate the shifting nature of the business environment. Reform under the aegis of the World Bank, International Monetary Fund and the World Trade Organization has led to increased opportunities based on economically liberalized policies within these evolving markets (Appiah-Adu, 1997; Awuah, 1997; Golden, Doney, Johnson & Smith, 1995; Hooley, 1993; Muuka, 1997; Okoroafo, 1997).

Several studies underpinning the benefits of liberalized macroeconomic regimes since these provide for growing markets which may be easier for exporters to enter. Collectively, these studies argue that policies for the liberalization of macro-economic regimes within lesser developed countries, with or without IMF contingencies[4], will lead to expanded production and exports while promoting economic development. This would lead to greater opportunities for businesses to compete in global markets, simultaneously paving the way for stronger economies for nations all over the world (Barlett, 1990; Killick, Bird, Sharbpley & Sutton, 1984; Lever & Huhme, 1986; Shafaeddin, 1990).

Despite well-documented evidence to the contrary, on the new policies' general impact upon the macroeconomic performance of these countries (Appiah-Adu & Blankson, 1998); the literature suggests that there is wide-scale support for ongoing structural adjustment programs having a positive impact on developing economies (e.g. IMF, 1998). The IMF (1998) and Shafaeddin (1994) concluded that many African nations pursuing adjustment programs have improved their growth, inflation performance, and market orientation.

The nature of the competitive (domestic or foreign) environment plays a role in the determination of opportunities and threatens to the initiation, growth and development of international business. Bartlett (1990) and Kolde (1982) considered a promising business environment as one providing fertile conditions for increased investments and market performance. The attractiveness of the domestic market and export growth may be contradictory

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[4]The adjustment process, in which countries adjusted macroeconomic policies relative to balance of payments difficulties to increasingly stringent IMF and "World Bank" supervision, represents such a structural program (Tayeb, 2000).

(Madsen, 1989 supplementary Cooper & Kleinschmidt 1985). Thus, a favorable marketplace would result in improved business performance and lead to increased commitments and to economic growth (Collins, 1990; Madhok, 1996; Tannous, 1977). In the extreme, an environment characterized by political instability, inadequate infrastructure, rigid trade barriers and economic stagnation, presents fundamental reasons for minimal foreign investments and poor market performance by foreign companies, and thus hampers economic growth (Agodo, 1978 & Collins, 1990). Though these characteristics may seem in a contextual perspective (trade barriers, cultural difference and physical distance) as inhibitors of export development and success, Kaynak and Erol (1989) suggested that empirical support is lacking, and suggested that there is no significant effect on export attitudes, behavior and performance (Gripsrud, 1990).

By extension, the policy recreates the role of international political economy in favor of exporter-international trade and importer-international trade, as they connect to a bias for export promotion versus import enhancement. For example, Parkehe & Liang (1993), in considering international exchange acting at the economic level as the foundation of international business lamented the focus of government on the exporters' behavior while omitting the contribution and importance of importers' behavior. Further, they wrote that the imbalance lies in the falsity that exporters are the driving forces behind international transactions.

Exporters believed that cross-border transactions are the prime movers behind international trade. Root (1984) stated there is widespread belief that fluctuating rates introduce exchange risks which hinder international trade and investment. Due to the tendency for nations to move towards a global economic system together with an associated reduction in trade barriers, international sourcing has become increasingly important to growth and development of modern business organizations (Thorelli & Glowacka, 1995).

Price Stability

Given the vagaries of economic shocks and changing policies in the global environment, price stability is rare. Typically, price levels rise year- to- year at variable and erratic rates. Inflation defines a sustained rise in overall prices while deflation defines the opposite. Monitoring price-level reports for countries is important to the decision making process of multinational enterprises. In fact, price stability is crucial to the economic well-being of multinational enterprises. In this regard, fiscal, monetary, and exchange rate policy and performance, affect the stability of prices in an open economy (Yarbrough and Yarbrough, 2000).

Essentially, the rule of thumb is for an economy to operate at a full-employment levels with prices adjusting to monetary shocks and policy changes. Thus, the essential concern for multinational enterprises is how prices adjust to economic shocks and policy changes. Hueth and Schmitz's applications of Massell's model showed that in a two-country, free trade model, a country gains (or loses) from world price stabilization if the source of instability is internal (or external), but the world as a whole benefits (Devadoss, 1992).

Foreign Exchange Stability

International business is affected by the use of one or more currencies. These currencies, the price between which is known as foreign exchange, include both currencies and other instruments of payments denominated in other currencies (Daniels & Radebaugh, 1998). Understanding the implications of foreign exchange stability is essential to effective business policy and strategy decisions of multinational enterprises. Importantly, currencies do depreciate/ appreciate and affect consumers and business both positively and negatively. Depreciation affects consumers and importers negatively, while it has a positive implication for exporters and producers of import-competing goods.

Seyuoum (2000) stated that export firms encounter foreign exchange risks whenever they enter into an obligation to accept, or deliver, a specified amount of currency at a future point in time. These firms could face the possibility that the exchange rate will cause their payments to be reduced, or their payments in foreign currency may be increased.

Essentially, the need for stability in foreign currency is important for minimizing risk and uncertainty about the macroperformance capabilities of a country, and its implications for realizing expected returns on assets and cost of liabilities. Thus, the need to minimize currency risk measures as the volatility of exchange rates fluctuates.[5]

The role of internationalization may be affected by national security, economic stability, economic development, economic planning, protectionism and the employment levels. Stability of the economy and high employment levels have always been among the more important objectives of national economic policy.

Employment Levels and Skill Labor Availability

Labor is one of the four factors of production, which include products, promotion, and place. The availability of labor (total of both physical and mental effort expended by people in the economy) is an important concern for the determination of economic growth. While increases in the quantity of labor relative to population means more workers and fewer dependents; increases in the quality of labor mean increased worker's productivity and occasionally fewer jobs (Sexton, 1999; Obazuaye, 2000). Through education and on-the-job

[5]Volatility may be measured as the standard deviation of exchange rate from its expected (mean) value. Volatility is used to determine the riskiness of an asset, or a portfolio of assets, or a market (Root, 1984).

training, the quality of labor (improvement in the quality of workers) may be enhanced by learning new skills. The level of employment is influenced by changes in technology, demographics, institutions et al. Robertson and Wood (2001) found that the economic dimensions were not strong factors for managers in determining which markets to enter.[6] Overall, changes in quality and quantity can affect aggregate supply. An increase in labor tends to depress wages and increase short-run and aggregate supply, *ceteris paribus* (all factors held constant).

Increases and decreases in labor productivity cause production costs to change. The perceived endowment of labor is important to business policy and strategy decisions. The Hecksher-Ohlin theorems predict that countries with relatively high levels of capital per worker will export goods whose production is capital intensive, and that countries with low levels of capital per worker will export goods whose production is labor intensive.

The choice between labor and capital is determined by their relative prices, which help the firm to choose the technology (production function) to be used. Hence the choice determines the locational issue to make or to buy.

Trade has had small effects on the overall implicit labor supply of the less skilled. However, the trade effect is larger if one assumes that economic activities displaced by imports employ technologies comparable to the lesser skilled plants in U.S. manufacturing industries. Growing markets may be easier for exporters to enter. The understanding of importer motivation may lead to unveiling key success factors for exporters.

Cavusgil (1980) stated that the need to acquire existential knowledge of location and market possibilities is paramount for the success of initiating growth and developing IBOs. In

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[6] Their study examined GNP, per-capital employment levels, and per-capital consumption levels (Root, 1984).

general, it has been accepted that proper and relevant market research leads to improved performance for IBOs. Cavusgil (1984) argued that the development of substantial knowledge of foreign markets and operations is likely to lead to a reduction in the level of uncertainty and risk associated with export operations. Likewise, Appiah-Adu (1997) concluded that in focusing on sound logistical practices and cooperation with suppliers and distributors, market research becomes important as firms seek pertinent information to support strategic market decisions. Kotler (1997) argue that firms seek not only to become price competitive, but also trim their costs by shedding excess labor, offering them opportunities to become more price competitive. Marketing research would provide the needed information. Thus, firms are able to use price as a competitive tool (Madsen, 1989). However, it has been noted that this distinctive competence diminishes as firms develop export operations (Dominguez and Sequeira, 1993).

Further, an inability to understand clearly, and to satisfy effectively the requirements of overseas customers, could give a rival exporter first-mover advantage for foreign market entry and expansion opportunities.

Political Factors

International business operations (IBOs) have been influenced by four primary political areas: global political systems, national interest and goals, nation-state, and sovereignty.

Global Political Systems

Understanding the specific political characteristics of nations is important to small business enterprises and multinational corporations. Countries that pursue individualism as its philosophy, advocates democratic political systems and institutions and free market economics.

On the other hand, collectivism (theory that establishes the primacy of the collective) advocates totalitarianism and a command economy in which government plans production, quantity, and the price of all goods and services (Hill, 2000). Thus, political systems are described as democratic, socialist or totalitarian. The globalization process requires that small business enterprises develop awareness and appreciation of country differences in political systems and the need for governments to dictate the direction of international trade policy, either through cooperative or dictatorial methods and mechanisms.

National Interest and Goals

National interest maybe considered as the long-term and continuing purpose to be served collectively by the state, and government. It is rooted in the social consciousness and cultural identity of the people, inclusive of disparate ideals which are : (1) self preservation, (2) maximization of opportunity for continued existence, (3) minimized threat, (4) improved collective well-being, (5) the seeking of prestige, (6) promoting and protecting specific ideology, and (7) increased power relative to others (Kobrin, 1978).

Though national interest is cast in ideological terms, continued enhancement of the welfare of the citizens of the world is entwined in the complex flow of goods and services that makes the nations of the world, primarily interdependent. Yet governments on nationalistic grounds behave and input personal identification, reflecting loyalty to a particular state, thereby seeming to express negative attitudes in violation of national gains to be derived from international trade through specialization. African countries have not been fashioned their laws of comparative advantage in the interest of U.S. foreign policy. In recognition of this, the Clinton administration took the foreign policy initiative through the White House summit on

Africa, and a presidential tour of Africa (1998) to create and promote a new relationship between the U.S. and Africa (U.S. Department of State, 2000). The new interest in Africa expressed by Washington included an executive order to expand international trade and expand economic partnership with Sub-Saharan Africa (Agency Group 09, 2001), and a domestic initiative that targets the development of a new constituency for Africa. However, it must be noted that U.S. foreign policy is steeped in persistence to cast engagement in the realm of international affairs in explicit ideological terms, for which the expansion of democracy across the globe is tied to the spread of market economies.

The ideological lodestar is located in the notion of democratic enlargement and strengthening the community of market economies, thus fostering and consolidating "new democracies where possible," countering the aggression and providing support for the liberalization of states hostile to democracy, and helping democracy and market economies take root in regions of great humanitarian concern (Alden, 2000). Robertson and Wood (2001) found that managers seem more concerned with the nature of diplomatic relationships between the government of the export market and the United States. Other concerns pointed out in this study were the foreign governments' internal policies, attitudes, and actions toward private enterprises.

The new political economy is captured in the broad outline of the United States' new terms of political engagement in Africa, the changing terms of U.S. trade and development assistance to African countries, and the revolution in security affairs in Africa. For example, South Africa has been listed on the U.S. Commerce Department's list of top ten emerging markets; it is also the continent's most developed economy, and positioned as a newly democratic state. Removal of the last U.S. sanctions against South Africa in 1993, marked a significant step in South Africa's reintegration into the global trade and investment community.

Since then, major U.S. corporations have been counted among the 270 U.S. firms with direct investments in South Africa. The country has a market of nearly 42 million consumers and is the most advanced, broadly based and productive economy in Africa. It has a GDP nearly four times that of Egypt, its nearest competitor on the continent (Goldenson & Hom-Olsen, 1997).

As a positive factor, the African Growth and Opportunity Act (AGOA) reflected the fact that the U.S. is trying to develop a policy towards Africa because the U.S. recognizes Africa's importance. A primary reason for AGOA's passage was to spur trade, investment and development in Sub-Saharan Africa. However, the only nations that will benefit are those with at least minimum mill capacity and those with sophisticated textile and apparel facilities. Yet the initiative combines the idea of good governance with the improved benefit of an international relationship between the United States and African countries (Nigeria) (Alden, 2000).

Nation-State

According to Root (1984), states are called nations. While the state is a political entity, the nation is an ethnic or social entity. Root (1984) further stated that when a business enterprise begins business operations in a foreign country, its reception by the government and people of the country will depend partly on the mix of nationalism that predominates.

These observations suggest that though the climate of political economy is changing on the continent of Africa, caution is exemplary. Fortunately, Nigeria has been singled out for special attention and thus promises to be a good direction of SBEs' international business operations. According to Nzongola-Ntalaja (1987), this has been central to the crisis of the nation-states in Africa. Nzongola-Ntalaja believe this to be a function of the social or class character of the state. Ekpo (2000) argue that military dictatorship is not a solution to the

Nigerian political situation, and that democracy is key to assisting market and economic reforms for Nigeria.

National Sovereignty

International law recognizes the importance of the national government as having exclusive power of the territory of the state, and being the only legal governing body. Each state exclusively controls the land surfaces of the earth, and the residents of those states are subjected to its authority. Additionally, the principle of national sovereignty raises many problems for international cooperation and for multinational enterprises that operate in the international arena (Root, 1984). Important factors are the external incentives that are available for host governments, such as the continuing survival of the state itself and economic growth and development (Kaynak & Kothari, 1984).

Technological Factors

International business operations (IBOs) are linked to the quality of technology and the proper use of technology in the host country. There are several technological factors affecting international business operations, and considerable attention has been conducted in several main areas: acquisition and transfer of technology as they relate to invention/ innovation and goods, invention/innovations and techniques, inventions/innovation processes, development of material culture, and technology/education systems.

Acquisition of Technology

Generally, technology is captured in an understanding of the concept of "material culture." Terpstra (1978) argued that this concept refers to the man-made, physical objects or results of technology as material culture. Using an analogy, technology can represent the idea, while material culture can represent the outcomes of inventions and innovations.[7] Thus, culture is the sum total of all the artifacts: tools, farming, transportation, communication, hunting, sheltering, constructing, painting, and so on.

The Andersson, Forsgen, and Pedersen's (2001) study suggests there is a causal link between technology and the firm's performance. Technological acquisition and development have been noted as key resources of a firm's economic growth and competitive advantage (Mansfield, 1968; Barlett & Ghoshal, 1990; Chesnais, 1986; De Meyer, 1992). Pak (1991) found that differential firms' advantages in technological intensiveness and product uniqueness have insignificant effects on the attractiveness of exporting for existing exporters.

Hill (2000) held the position that technology through technological change has been identified as a primary driver of globalization. For example, technical changes including communication and information processing (e.g. the Internet and the World Wide Web) and transportation technology have made the globalization of markets and production a tangible reality.

Braman (1998) believed that:

> ...in examining innovation, economists have focused on the manner in which innovation processes are understood economically while paying attention to the specific roles played by information infrastructure (p.45).

[7] Terpstra, 1978, states that an "invention occurs when scientific principle and physical elements are brought together in a new way such that a new technology results. An invention becomes an innovation when the new idea, practice, or object is actually produced and has a recognized economic or social impact."

The telecommunications industry in emerging markets has been transformed from a collection of mostly state-owned companies, to one with many privately owned, multi-national corporations. Economic studies have demonstrated that there are important socioeconomic benefits derived from the presence of telecommunication in developing countries (Kavanaugh, 1998). These benefits include improved access to information, an increase in the attractiveness of the developing country's market, and an improvement in a firm's domestic and international competitiveness.

Governments recognize the importance of the growth and development of science and technology in the growth and development of their countries. Government facilitates the acquisition of technology through training, undertaking research, funding research in the private sector, and implementing immigration policies. For example, Coats (1988) stated that Japan has aggressively imported technology, which it has improved and integrated with domestic technology; it has also developed production technology; and has implemented effective policies to facilitate research and development (R & D).

Lawler (1992) subscribed to the position that governments, through training and developing human capital (scientists, engineers, etc), engage in capacity building whereby their respective countries are able to enhance the diffusion of knowledge and industrialization capabilities. The availability of a high-quality, trainable workforce presents significant resources for competitive advantage. One example is the development of superior technology competencies related to initial imports of technology through adoption and innovation. Through the leveraging of technology, multinational enterprises' choice of geographic location has resulted in obtaining the potential for competitive advantage.

From the international business perspective, through appropriate and timely policies on immigration that focus on attracting talents from other countries, governments allow movement of persons with specialized skills, and thus facilitate the acquisition of technology through the transfer mechanism. Further, through enabling laws on purchasing hardware, emphasis is placed on large-scale acquisition of information technology as well as encouraging the flow of appropriate foreign investments (Chen, 1996).

Porter (1998) encouraged government involvement through undertaking research and innovation in science and technology that upgrades the economy based on continuous improvement in technology. This allows companies to improve their efficiency, achieve better quality, and penetrate new industries and segments. Collectively, this will act as the basis for productivity growth. This is achieved through its direct involvement in research and development (R&D) or financial support to individual firms for R&D.

Every aspect of culture has functional relations to the interdependent cultural whole of which it is a part. Gladwin (1977) found the following:

> The educational system affects the course of technological advancement of a culture by determining both the extent and type of technologically relevant knowledge and capacities (i.e., human capital) that are embodied in its population.

Certainly the United States, more than any other nation, is seen as a technologically advanced nation. One reason for this is the presence of technological giants, such as Microsoft, Intel, and Lucent Technologies. These companies are leaders in innovation and software development for local and international cultures.

Technology Transfer

Technology transfer usually involves the provision of technical assistance and R&D capabilities to a firm as part of an offset agreement (Seyoum, 2000). Adhering to the law of comparative advantage, Chen (1996) argue that all nations benefit from technological advances, through transference. Firstly, the gap between the rich and poor would narrow. Secondly, all nations, rich and poor, would learn to be more efficient; and thus there would be less waste in the world's resources, fast industrial progress. Thus, the elimination of economic underdevelopment is a feasible outcome of successful technology transfer.

In addition to the efforts of government toward the enhancement of the efficiency of the globalization process, the role of the multinational enterprises directly or indirectly in the transfer of technology is paramount. Fletcher (2001) found that a holistic approach can be applied to exporting small business enterprises and multinational enterprises which are involved in the electronic environment.

Multinational enterprises play an important role in the growth and development of technology. Multinational enterprises transfer technology through licensing and foreign direct investment (FDI). However, the most direct way for the transfer of technology is fashioned by locating hardware in the form of wholly-owned, FDI. They employ a multitude of ways based on market and nonmarket rules, to transfer and acquire technology. The licensing strategy is affected with the transfer that occurs through sale of software. FDI transfer includes joint ventures, subcontracting, intrafirm transfer within private parent company and subsidiary, and strategic alliances with competing or collaborating firms.

Clearly, the exchange of technology does not necessarily follow perfect market rules. To maintain competitive advantage, multinational enterprises are stimulated by a level of competition which must be matched by continuous quality improvement through innovation and change. To this extent, transfer of technology is facilitated from the benefits enjoyed by multinational enterprises in a country. The modern theory of trade rests on the assumptions of perfect competition. While Porter (1995) contend that the degree of competitive advantage can be influenced by the presence or absence of the potential for economies of scale, proprietary technology or technical changes and the possibility for product differentiation clearly represents imperfect competition.

Lawler (1992) argued that technology that enhances communication presents a competitive advantage if it keeps employees informed via electronic mail, and permits their participation in strategic thinking and planning via video conferencing. One example is holding conferences on issues ranging from development of personnel policies to developing new processes for technology and products.

Baba and Falkenburg (1996) noted a tendency of Americans, perhaps more than any other people, to view technology as a key component of international competition, and an advantage against the rest of the world of science and technology. Mesthene (1969) posited that through the use of new technologies, values could be altered, hence expanding options that make possible changed societal choice behavior.[8] This fact has been recognized by the United Nations Center for Transnational Corporations. The center contends that conflict arises between developing countries and transnational corporations. Given this fact, Porter (1995) suggested that MNEs' ability to transfer technology with ease is constrained by the concurrence of the interaction between a country's characteristics (country factor endowments) and strategies (rule

[8]However, the relationship of culture and technology has not been the focus of extensive research in the field of social sciences, but it has received some attention from other disciplines (Mitcham et. al, 1973). (This is changing with more social scientists being more privy to the use of technology and cultural advantages).

of individual firms). The level of discord presents a technological divide that affects the ease of technology transfer, especially between developed and developing countries.

Given the above limitations faced by SBEs in the U.S. and developing countries, it is envisioned that the technological divide may be prohibited, if not insurmountable, in developing countries. Thus, IBOs within developing countries may be constrained by an inability to maximize benefits through lowering the cost of coordinating and controlling a global operation. This is because of being able to benefit from innovation in (1) microprocessors and telecommunications, (2) rapid expansion of the Internet and the World Wide Web, and (3) advances in transportation technology (use of commercial jet aircraft superfrieghters and containerization) (Hill, 2000; Alter, 1989; Yetton, et al., 1994).

Regulatory and Institutional Factors

Regulatory and government assistance refers to policies that a government put forth to help small businesses conduct international business operations. Many governments have established agencies aimed at the promotion of trade through export promotion policies (Naidu & Prasad, 1997). However, some government activities could hinder promotion of trade through poor decisions that create adverse exchange rate policies (Bauerschmidt, Sullivan & Gillespie, 1985). These activities can also result in excessive and complex paperwork (Axinn, 1988), yet assist exports by providing information, trade leads, tax incentives, and financing and insurance programs (Cavusgil, 1986; Czinkota & Ricks 1981; & Reid, 1984).

This section focuses on the promotional support programs that assist firms engaging or intending to engage in, international business operations. Such programs develop because of the recognized role of small business in the growth and development of the economy. [9] Government recognizes the importance of international trade and, among other issues, has clamored for the liberalization of trade and the expansion of export because of the belief that they improve the well-being of Americans. Government provides resources such as specific sales or representation leads, intelligence of the most promising markets and/or products through various agencies that have been created to assist these businesses. For example, the EXIM Bank, the Census Bureau, the Department of Commerce (USDOC), the Small Business Administration, and the State Departments, are chosen for discussion (Hufbauer & Rodriquez, 2001).

The Ex-Im Bank is a U.S. government sponsored corporation managed by a board of governors to aid in financing U.S. exports. It is not an aid agency; it does not compete with private commercial lenders. It provides linking capital loans for U.S. exporters whose goods contain at least 50% U.S. content; guarantees the repayment of loans or makes loans to foreign purchasers of U.S. goods; and creates insurance against nonpayment of foreign buyers to minimize political and economic risks. Additionally, it focuses on stimulating small business transactions; emphasizes the export of U.S. goods to developing countries; fights against trade subsidies of other governments; and supports the exports of environmentally beneficial goods and services (Hufbauer & Rodriquez, 2001).

The U.S. Census Bureau provides access to the latest trade data from the U.S. Department of Commerce, as well as university and private sectors, for both imports and exports. The services provided are as follows:

(a) Offers information on existing and emerging export markets for products;

[9] According to SBA fiscal year (2001) annual performance plan, small businesses increased in number by 49% since 1982. Furthermore, 25% of all U.S. households are either starting a business, own a business or they are investing in someone

(b) Compares product exports with related products of other markets; and

(c) Determines market share of export markets for specific products, and monitors trends in specific products, markets, and countries.

The U.S. Department of Commerce (1993) stated that the Department of Commerce is the federal agency whose primary mission is to promote job creation, economic growth, sustainable development, and improve living conditions for all its citizens. The Department of Commerce is comprised of about 16 bureaus, two of which are of importance to this research. They are the International Trade Administration (ITA) and the Bureau of Export Administration (BXA). The International Trade Administration is the leading agency for trade in the Department of Commerce. It promotes the exports of manufactured goods, nonagricultural products and services; formulates and implements U.S. foreign trade and economic policy; monitors compliance of U.S. international trade agreements; and works closely with other related government agencies.

The USDOC provides export assistance by counseling small business owners on licensing and regulatory requirements. It has offices worldwide that serve to assist U.S. businesses with trade and investment interests. Domestically, it facilitates export promotion and financial services, executes policies of the ITA and the Ex Im bank, and works closely with state and local agencies through the Export Assistance Centers. In the United States, the Department of Commerce has many programs devoted to the development and nurturing of beginning exporters (Weaver et al., 1998). The ITA works specifically to provide market access and compliance, trade development, import administration, and U.S. foreign commercial service.

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else's business. Additionally, SBA considered that small businesses provide 51% of the private sector output and, a surprising 96% of all exports of goods, although the same is not true with regard exporting services.

The mission of the Bureau of Export Administration (BXA) is to advance U.S. national security, foreign policy, and economic interests. BXA's activities include regulating the export of sensitive goods and technologies in an effective and efficient manner; enforcing export control; cooperating with and assisting other countries on export control and strategic trade issues; and assisting domestic industry to comply with international arms control agreements.

According to the U.S. Department of Commerce (2001), the Small Business Administration (SBA) is another important federal agency is responsible for ensuring a strong and vibrant small business environment. Within the SBA, there are various offices that facilitate trade and business ownership. The Office of Business Initiatives, the Office of Entrepreneurial Development, Office of International Trade, and the Office of Business Development, constitutes just a few of these offices. Other offices that support international business operations include the local U.S. Export Assistance Centers and the One Stop Capital Shop (OSCS). The One Stop Capital Shop assists in the development of business plans, prepares loan packages and obtains business financing. These assistance centers are usually located in major cities of the United States.

Given the importance of government assistance programs, the SBA is responsible for helping to provide financial assistance to small businesses, assisting in business development (education and trading); procurement assistance conducting outreach and marketing, and matchmaking "buyers and suppliers" of services. These services are primarily aimed at assisting ethnic minorities, women, veterans, small exporters and small businesses located in low-to moderate income urban and rural areas (Moini, 1998).

The SBA guides small businesses in the use of strategies to overcome barriers to the use of the Internet and other electronic commerce. It acts as a "voice for small businesses in the face of macro-economic changes and globalization of markets, and ensures fairness and equity of access for all small businesses" (U.S. Department of Commerce, 2001). A report by Birch (1988) pointed out that U.S. firms most likely to be exporters are small companies.

Small businesses play an important role in the development of local economies, therefore governments encourage exports. According to Denis & Depelteau, (1985), Cavusgil & Naor (1987) and Moini, (1995, 1998), several studies have been conducted on various aspects of export stimulation programs. They all conclude that smaller-sized firms can benefit from export assistance programs. Adijanto (1988) argued that if government assistance programs could alleviate negative factors and encourage positive factors, more firms would participate in IBO through internationalization. Although government assistance programs exist, there is a lack of awareness among prospective exporters and there is no target audience for which the programs can be designed and executed. As a result, there is a lack of interest in exporting and its value to small businesses.

Conversely, Fletcher's (2001) research found that a lack of government assistance was not an important impediment to IBOs. He further contends that the participating exporters may not receive the necessary assistance with their market research, market strategy and export finance.

Historical and Theoretical Framework

The purpose of this section is to provide a framework for the study. The section presents the Absolute Advantage Theory, Comparative Advantage Theory, Hecksher-Ohlin Theory, and will conclude with the International Product Life Cycle Theory. Subsequent sections present a summary of the existing literature.

There are two distinct schools of thought guiding national trade policy. The liberal theory of international trade, rooted in the law of comparative advantage, asserts that all nations stand to derive an economic benefit from universal, free trade. The opposite end of the spectrum states the nationalist view of trade which emphasizes the economic cost of trade and favors protectionism. Much of the thinking that led to the formulation of the hypotheses was deduced from studies in international business, trade, international direct investment, import and export operations. An equal amount of information is the product of abstract representation of real world systems intended to lead to an understanding of core determinants of SBE's participation in IBOs between the U.S. and Nigeria.

Absolute Advantage Theory

The foundation of the International Trade Theory began with the Mercantilists[10] of the sixteenth century, but the theory itself was formulated by Adam Smith[11] because of political motivation. The theory suggests that mercantilism, which existed between the years 1500 and 1800, was opposed to free trade. It was believed that nations would be better off if they could regulate trade and investment among countries. Barriers were therefore implemented. The chief barrier was government intervention. This concept is referred to as protectionism, which considered strategies to prevent imports. The mercantilists were attracted to gold and other precious metals and believed that the accumulation of gold was the strength of a nation.

[10] Mercantilism is the trade theory that formed the foundation of economic thought from 1500 to 1800 and promised that a country's wealth was measured by its holding of treasure (usually in the form of gold). According to mercantilism, countries should export more than they import. (Daniels & Radebaugh, 1992).
[11] In 1776, Smith's book "The Wealth of Nations" questioned the mercantilist assumption that a country's wealth depended on its holdings of treasure. Smith insisted that the real wealth of a country consisted of the goods and services available to its citizens. From this idea evolved the development of Absolute Advantage (Root, 1984).

After that era, professor Adam Smith, who was considered the father of the Absolute Advantage theory, challenged the mercantilist orthodoxy. He compared nations to households. Smith believed that every household specialized in the production of some goods and services and trade for others. Therefore, why should the other household bother to produce it? This line of thought led to the development of the Advantage Theory. The theory posits that each country can produce more of something than the rest of the world. This led to specialization where countries would specialize in commodities that cost less to produce. A country may be physically adept at producing goods, but the price is higher than it would be to produce elsewhere.

Adam Smith's argument, however, had some weaknesses. He assumed that each nation had absolute advantage in exporting those goods and services for which it is more productive than other countries are and import those goods and services for which other countries are more productive than it is. A nation may have some advantage in all products; conversely, some may have no advantage at all (Tayeb, 2000). In the event that one country is able to produce both goods more expensively than another country, two-way trade is not possible; therefore presenting a weakness of Absolute Advantage.

Comparative Advantage Theory

In 1847, David Ricardo, the originator of the concept of Comparative Advantage, tried to correct the weakness of Adam Smith's Absolute Advantage Theory. His theory suggested that international trade is determined by differences between countries in pre-trade relative prices such that countries export goods they produce relatively cheaply "in which they have a comparative advantage." Conversely, countries import goods they produce relatively expensively "in which they have a comparative disadvantage" compared to trading partners. This type of trade occurs because the difference in relative prices before trade provides potential gains to both countries from international exchange and from specializations in production. This means that the mix of goods and services produced in each country will be determined by comparative advantage. The theory concentrates on labor productivity. The Ricardian model demonstrates a mutual gain from trade for any two countries, causing trade to occur if there are relative differences. It appears that goods should be imported from those countries that have the greatest comparative advantage. This is because of the other factors associated with trade, such as:

1. The differences in technology;
2. The differences in input costs;
3. The differences in relative unit costs; and
4. The differences in pre-trade prices;

His argument, however, implied constant opportunity cost, where countries or industries were experiencing rising marginal cost; so more of one commodity has to be given up in order to produce another (Gray, 1979).

Hecksher-Ohlin Theory

In the early 1900s, the Theory of Factor Endowment was believed to be the reason behind trade and investment. This theory was developed by Hecksher and Ohlin[12]. The Hecksher-Ohlin theory of trade stated that a nation should produce a commodity that uses a large amount of resources in an abundant supply, and imports products that are scarce. Essentially, both countries should export products that utilize their abundant factors of endowment. The

Hecksher-Ohlin model assumes that different proportions of national factor endowment are the reasons for comparative advantage. These proportions of endowment are also the reason for the simple cost that provides the basis for import trade.

The model also assumes that the price of the factor depends on the factor endowment[13]. This is untrue, however, as factor prices are not set in a perfect market. Another assumption is that technology is universally available. Superior technology quite often permits a nation to produce goods at a lower cost than that of a country endowed with the required factor. It is also proven that factors such as human capital are evasive.

Professor Leontief[14] was skeptical about the Hecksher-Ohlin theory. He did some research during the years 1950 to 1960. This research was designed to test:

1. Whether the accuracy Hecksher-Ohlin model was correct; and
2. If the United States had more capital endowment than the country with which it was trading.

He found that contrary to the Hecksher-Ohlin model, in some cases the U.S. exported more labor-intensive goods to the rest of the world in exchange for relatively capital-intensive imports. Gray (1979) states that the reason for this was a demand bias for capital goods. He came up with some answers for the problem. The solution was to use other kinds of labor, capital and technology. Hence, these findings became the basis for factor endowment. The achievement

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[12]The Hecksher-Ohlin Theory resulted from the research of two economists, Eli Hecksher and Bertile Ohlin. It is considered by many experts to be the most influential model of Comparative Advantage (Tayeb, 2000).
[13] Endowment f actors are factors of production that may be unique to a nation with no counterparts in other nations.
[14] In the early 1950s, Wassily Leontief tested whether the United States, which uses an abundance of capital equipment, exporst goods requiring capital-intensive production and imports goods requiring labor-intensive goods production. His research found that U.S. exports require more labor-intensive than its imports. This apparent paradox between predictions of the theory and actual trade flows is called the Leontief paradox (Wild & Wild & Hann, 2001).

had a two-fold effect. It failed to erase the paradox, and it improved the overall estimation of factor endowment.

Peter Drucker, who opposed the Leontief Paradox, believed that products should be produced in a piecemeal manner and businesses should produce where there is the greater probability for marketing these products. For example, computers are manufactured in Taiwan but assembled in the U.S. Also, garments are assembled in developing countries but manufactured in the United States.

International Product Life Cycle Theory

Later came the International Product Life Cycle Theory (IPLC), which was developed by Raymond Vernon[15]. This theory explains why a product that begins as a nation's export eventually becomes its import. There are four stages of IPLC. These are:

1. Exports of home country to foreign countries;
2. Foreign production where subsidiaries of Multinational Enterprise (MNE) produce the product in the host country;
3. Foreign firms competition in export markets; and
4. Import competition in home markets.

IPLC is a special case of International Trade Theory, which graduates from the comparative advantage theory to the Hecksher-Ohlin theory. The International Trade Theory clearly shows that nations will attain a higher level of living by specializing in goods for which they possess a comparative advantage, and importing those for which they have a comparative disadvantage.

[15] Vernon and others have used the Product Life Cycle Model to explain the behavior of U.S. manufacturers' exports. A four-stage model is postulated. Vernon asserted that U.S. producers are likely to be the first to exploit market opportunities for high-income and labor-saving new products because these opportunities first appeared in the United States (Root, 1984).

Generally, trade restrictions that stop this free flow of goods will be harmful to a nation's welfare (Tayeb, 2000).

The theories that we see in the present day are regarded as neo-classical, where barriers to trade are often realized and liberalization forces are in place for a free movement of trade.

The theoretical movement from the regulation of mercantilism to the Advantage Theory demonstrates that efficient production and consumer-oriented trade resulted from liberalization of trade. However, this movement was accompanied by a stream of empirical studies emanating from the economics, international business, and marketing departments of various universities. The University of Chicago and Harvard University are among the leading schools where empirical studies are conducted.

The historical and theoretical framework shows that international business is important for helping to explain the business environment. The environment looks at inter-industry trade, when a country exports one good and imports an entirely different type of good. Conversely, intra-trade is when simultaneously exports and imports are essentially the same types of goods. Many different elements are involved in these processes such as *social, legal, economic, political, technical* and *regulatory and institutional factors*, or the intervention of government in international trade, known as protection. It is for these reasons that the theoretical foundation for the research was formed. The historical framework establishes the importance and functioning of international business and trade to every economy. The economies of the world are fueled not only by contributing to fair competition and GNP, but energized by stimulating employment and increasing the quality of life for its citizens.

Summary of Literature Review

The review gave some interesting guidance for examining the nature of international business operations in terms of the *social, legal, economic, political* and *technological* and *regulatory and institutional factors.* Importantly, the findings serve as the basis for designing the questionnaire to be used in the research, based on an extraction of the core factors in each of the previously mentioned six factors or domains, by the researcher. Importantly, the chapter took an eclectic approach in exploring the literature to identify the factors that influence international business operations. The review suggested that small and medium sized businesses desirous of undertaking and surviving in IBOs, must go beyond the theoretical dicta of *social, legal, economic, political, technological and regulatory and institutional factors,* and look at a variety of related dimensions.

The findings are summarized below:

Social factors

The literature suggested four factors that should be considered beyond the basic elements of culture, religion and others of which language suggests the dominant context of representation. These include the importance of ethnicity and nationality behavioral expectations of the foreign buyers, experience and attitude of exporting, and the confidence level and trust that could be realized between parties. Various social factors were important for business decision makers; however, the most important factor was their decision to engage in international business operations.

Legal factors

The literature was sparse with legal experience in IBOs. It suggested that there has been little attention directed towards the study of the legal system of countries to understand specific differences. Tayeb (2000) suggested that the nature of a legal system can affect the attractiveness or deterrence of the country as an investment site and/or market. Legal systems are influenced by prevailing political systems that design the legal framework within firms. These businesses may reflect in a large way, the dominant political party ideology. Three types of concerns suggest relevance to the research: (1) laws governing property rights (patents, copyrights, and trademarks), (2) product safety liability, and (3) differences in contract laws. Importantly, firms are concerned with the degree of risk involvement and the probability that traditional partners would break a contract or expropriate property rights (in exports, licensing, franchising, turnkey projects, joint ventures, or wholly owned firms). The literature suggests overall that a country (as a potential market and/or investment site) depends on balancing benefits of cost and risk associated with doing business in that country. From a pragmatic perspective, SBEs must identify a trade-off between benefits and risks, which suggests that a country enjoying political stability presents the best scenario for IBOs.

Economic factors

The literature went beyond the basic macro-economic elements. The focus was on seven broader factors that may influence IBOs. These factors were based on: (1) increased economic liberalization in transitional economies; (2) business environments based on political stability, adequate infrastructure, flexible trade restrictions and economic growth; (3) liberation of macro-economic regimes within lesser developed countries (LDC); (4) structural adjustment programs

(SAP) that provides harmony with the basic tenets of market-oriented economies; (5) environments conducive to reduction in risk; (6) adequate market research; and (7) recognition of the role of political economy (pragmatic approach to policy designed to facilitate the consumer, producer or national interest) in formulating instruments of trade policy in LDCs.

Political factors

The literature suggested some of the needs that should be recognized in the context of a political economy. These included: (1) the role and interdependency of the economies of nations, (2) the casting of international relationships in ideological terms, (3) the changing terms of trade and related development assistance, (4) good governance, and (5) the improved benefits of harmonious relations with major developed countries. Further, political factors examined the reduction of barriers to international business operations. The literature suggested a gamut of impediments to small and medium size firms in IBOs. These included specific factors related to government barriers, pricing, transportation, supply and demand, as well as broader issues related to finding overseas buyers and distributors, exchange rates, obtaining foreign credit, foreign tariff barriers, identifying the best country to engage in trade with and potential markets, specifications and service requirements, and inability to speak the buyer's or seller's language.

Technology factors

The literature suggests that there are:

(1) Relationships between technology and other aspects of culture and international trade,

(2) Diverse levels and kinds of technology and material found among nations, (3) Inter-

dependencies of nations and cultures because of technology, and (4) International enterprises acting as change agents in the international business area.

Regulatory and institutional factors

The literature finds that the welfare of our citizens has been enhanced by international business operations. The role of U.S. regulatory and government support for export intermediaries is a crucial link for individuals and organizations across geographical and cultural boundaries (for example Small Business Administration, Department of Commerce). Related government policies (government decrees, tax advantage) act directly and indirectly to stimulate exports.

Chapter III

RESEARCH METHODOLOGY

Introduction

This study examined the extent to which six selected factors (impediments and incentives) determine the participation of United States small businesses enterprises in business in Nigeria. The selected factors were *social, legal, economic, political, technological,* and *regulatory and institutional factors (SLEPT).* Specifically, the study sought to determine the importance of these six factors in decisions of small business enterprises (SBEs) to engage in exports to Nigeria. The purpose of the study was to verify the extent to which the six selected core factors impact the decision of U.S. small business enterprises to engage in IBOs with Nigeria.

Presented in this chapter is the research method used to complete this study and the research design from the pretesting stage of the questionnaire, to the cut-off date of the response to the questionnaire. In addition, this chapter is a presentation of the analysis and interpretation of data, and test of the hypotheses.

Type of Research

The type of research used in this study was qualitative. Creswell (1994) defined Qualitative research as the "inquiry process of understanding a social or human problem based on building a complex, holistic [*sic*] picture, formed with words, reporting detailed views of information, conducted in a nature setting" (p.2). Cooper & Schindler stated the following: A verbal picture depicts qualitative research as:

> quality is the essential character or nature of something ... quality is what ... qualitative refers to the meaning, the definition or analog or model or metaphor characterizing something.. (p.139).

According to Leedy (1997), qualitative research may conclude by answering the initial proposed questions or hypothesis about what was observed. These tentative hypotheses thus may form the basis for future quantitative approaches designed to test the proposed hypothesis.

Research Method

The research method used was the survey. According to Leedy (1997), the word *survey* is composed of two elements that indicate precisely what happens in the survey process. *Sur*-is a derivative of the Latin super, meaning "above," "over" or "beyond," "to look or to see over or beyond" the casual glance or the superficial observation.

In considering the nature of the research problem, several methods were considered, including the case study and the survey. The case study has been traditionally used for studying behavior. The focus of a case study is on a single individual or group of individuals studied as a unit. The method allows results to be generalized only to other similar individuals with like characteristics and backgrounds who are measured under similar situations. The limited generalizability of the case study made it unsuitable for this study.

Graziano & Raulin (1997) stated that survey research is an area that uses several basic procedures to obtain information from people in their natural environment. Girden (2001) stated that surveys are conducted with the specific intent of generalizing the results to the population of interest. According to Leedy (1997), some advantages and disadvantages of the survey method are presented below:

Advantages:

(1) The method can be better controlled,

(2) Surveys obtain information that is otherwise inaccessible, and

(3) Surveys may be conducted with the intent of obtaining a general sense of what people feel.

Disadvantages:

(1) Respondents are not always willing or able to respond to the questionnaire.

(2) Low response rate in some modes,

(3) Accurate mailing list needed, and

(4) Cannot be long or complex,

The current study sought to allow respondents to take their time to collect facts, talk with others or consider replies at length, which is unlike other types of studies. This study was considered impersonal and provided anonymity. Therefore, the most fitting method for this research was the survey.

Research Design

The following major steps were completed for this study:

1. Formulated the research problem;
2. Identified factors relevant to international business operations from the review of international business literature;
3. Selected participants using a non-random sample method. Purposive sampling was used because the characteristics possessed by this method were deemed important for the research (Sproull, 1995). A non-random sample method was used because random sampling was not feasible due to the specific targeted exporting country;

4. Developed criteria for screening participants. This was done by the use of filter questions provided in a separate screening section. Selected participants were required to be currently involved in IBOs with Nigeria and hold a small business enterprise status as defined by the Small Business Administration;
5. Designed and tested a three-part questionnaire using dichotomous questions, multiple choice and Likert-type scale;
6. Tested the Instrument. Eliminated questions that did not provide adequate information. Revised questions that caused problems;
7. Mailed 300 questionnaires to small business enterprises which were currently involved in international business operations with Nigeria;
8. Analyzed data which involved examining, coding, editing, and summarizing responses across all useable returns. The data were examined to ensure that each question had been answered. The questionnaires that had missing data were not counted. The data were then placed in working tables for summarizing;
9. Examined the data for unanticipated findings; and
10. Wrote narrative research report.

Instrumentation

A questionnaire was used as the data-gathering instrument. A three-part questionnaire (See Appendix C) was designed and validated by the researcher prior to distribution to ensure face and content validity. According to Balian (1994), content validity is the starting place for validity assessment. Content validity is a subjective form of validity evaluation. The instrument was validated using three levels of expertise: one professor of Marketing, 15 senior managers responsible for international operations for their respective companies in Atlanta, Georgia, and 23 graduate, International Students at American Intercontinental University Atlanta, Georgia. Comments from all participants in the validation process were taken into consideration and used to revise the questionnaire. Agreed changes were made, and the questionnaire was ready for distribution.

The questionnaire utilized in this study contained 107 questions and was divided into three parts, each to be answered by the respondents. The respondents included owners, managers, presidents or directors of small business enterprises. Each section of the questionnaire contained questions directed to each of the previously mentioned respondents.

Part I. Part I contained questions about demographics of the respondents and of responding firms. Demographics of the firms included sales, size of firm, years in business, product type, market share, and long-term confidence level.

Part II. Part II contained the screening section of the questionnaire. This is where the data were converted to codes.

Part III. Part III contained questions about factors that determine participation of U.S firms engaged in international business with Nigeria. This part employed a Likert-type scale of 1-5 and 1-7 on which factors were rated as to their importance. The Likert scale was used because it overcomes the criticism regarding scoring which suggests that subjects are only being asked to select those statements which they agree with, and not being asked to respond to each of the statements. The Likert scale also allows an expression of intensity of feeling. The items were arranged on a continuum, with extreme positions at the end points. Respondents were asked to rate factors which were important. Some items were scored from 1 to 5 (least concerned =1), while others were scored from 1 to 7 (least important =1).

To ensure that the research would achieve the research objectives, the research instrument was pretested on one professor of Marketing, 15 senior managers responsible for international operations for their respective companies in Atlanta, Georgia, and 23 graduate, International Students at American Intercontinental University Atlanta, Georgia. Copies of the questionnaire that were not completed were not analyzed.

Nature and Source for Data

The data used for this research were primary. According to Churchill (1991), information collected specifically for the purpose of the study is defined as primary data. Data were from owners or managers of small U.S. businesses from all 50 states of the United States.

Profile and Selection of Participants

This was a national survey restricted to small business enterprises located in all 50 states of the U.S. employing fewer than 500 employees, and having sales of less than $5 million per year, a definition suggested by Moin (1995) and Seringhaus (1993), and the definition used by the U. S. Small Business Administration (1989). Small business enterprises that were currently involved in international business with Nigeria were selected from two databases secured from The U.S. Export Assistance Center and the Georgia Center of Trade and Technology Transfer in Atlanta, Georgia respectively. The list included addresses and names of managers and/or owners of small business enterprises currently engaged in international business operations with Nigeria. A total population of 300 names in the databases was identified by selecting names of companies that currently conducted business with Nigeria. Participants were selected using a non-random sample method. This method was used because random sampling was not feasible due to the specific targeted exporting country.

Data Collection

The Total Design Method was used for data collection. According to Churchill (1994), the Total Design Method requires that a reminder letter be mailed after one week to all participants thanking them for returns, and reminding others to complete and mail the questionnaire. Following Churchill's Total Design Method, three weeks after the original mailing, a new questionnaire was sent, along with a letter telling nonrespondents that the questionnaire had not been received and repeating the basic appeal of the original letter.

By July 2001, the questionnaire in its final form was mailed to 300 owners, managers, presidents or directors of U.S. small business enterprises, asking them to complete and return it within a designated time period. The name and address of each small business enterprise was printed on a return envelope. A letter inviting participation in the study, (See appendix A) a copy of the questionnaire, a postage-paid, return envelope a consent form, and a screening letter were mailed to each of the 300 firms identified from the two databases. The packets were addressed to the name of the individual who appeared in the databases. It was impossible to know their exact position at the time of mailing. Selected participants were asked to respond to all questions on the questionnaire and return the completed instrument.

Each mailing was followed by a sharp surge in responses from owners, managers, presidents and directors of the firms. By the cutoff date of August 30, 2001, 118 responses had been received.

Data Analysis and Interpretation

The data were collected using the questionnaire. In Part II, the screening section of the questionnaire was converted to codes. Question number one was coded as follows: "yes" answers were coded with "0", and "no" answers were coded with "1." The remaining responses in Parts II and III of the questionnaire were coded similarly and the code given to each item of the data ranged from "1-5" and "1-7." Each item required the respondents to select the answer based on the degree to which it most closely corresponded to their position. Raw data were tabulated by counting the number of cases that fell into the six categories: social, legal, economic, political, technological, regulatory and institutional. The raw data for each section were presented in table form.[16] Lastly, the data were summarized and presented in descriptive narrative form. Figure 1 presents the major steps in processing and interpreting the data.

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[16] Questions receiving 48 answers or more were the standard measurement for denoting significance. The standard was arbitrarily selected.

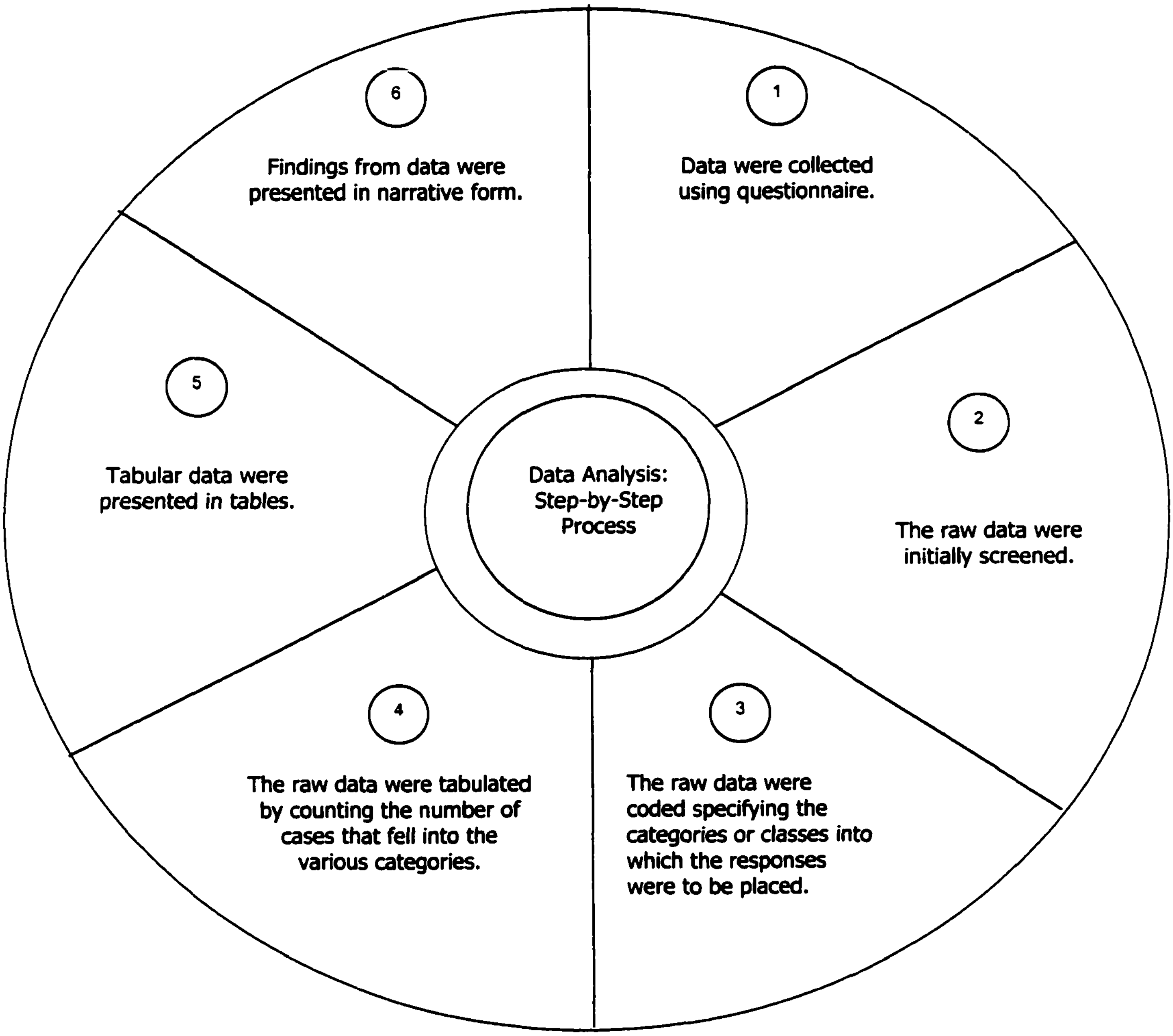

Figure 1: THE DATA ANALYSIS PROCESS

Data Presentation

The data were presented in a descriptive narrative form. Part III of the questionnaire identified the factors which were considered most important to the responding firms. Findings pertaining to the *social, legal, economic, political, technological, regulatory and institutional factors* were presented by the respective subjects. The data were sorted into the *social, legal, economic, political, technological, regulatory and institutional* factors, and placed in tables was examined using 48 responses or more, as the standard measurement for denoting significance. The standard was arbitrarily selected. The findings from data analysis and interpretation are presented as Chapter Four of this document.

Chapter IV

FINDINGS

This chapter presents the findings of the study whether (*social, legal, economic, political, technological, and regulatory and institutional)* which determine participation of U.S. small business in Nigeria.

Response Analysis and Firm Demographics

Response Analysis

The responses of the participants are presented in Table 1.

Table 1: Response Analysis

SAMPLE	SAMPLE NUMBER	PERCENTAGE
Sample Size	300	100%
Did Not Respond	158	53%
Post Office Return	24	8%
Response Rate	**118**	**39%**
Out of Business	2	2%
Declined To Participate	7	6%
Useable Response	109	36%

A total of 300 (100%) copies of the questionnaires were distributed. Of the 300 participants contacted, 158 did not respond and 24 were undeliverable by the Post Office. There were two (2%) participants that had gone out of business. Seven (6%) participants declined to answer the questionnaire. Therefore, the response rate was (39%). A total of 109 (36%) responses were usable.

Counting the number of companies listed in the two databases refuted the assumption that a limited number of small businesses engage in international trade with Nigeria. The study found that a large number of U.S. small business enterprises engage in international business with Nigeria.

Firm Demographics

This section is a presentation of the demographics of the participants in the study. As shown in Figure 2 and Table 2, 40% of responding firms had sales between $501,000 -$1 million per year. Only 31% had sales of more than $ 1 million; 25% of firms had between $250,000 – $500,000 per year, while 4% had less than $250,000 in sales per year.

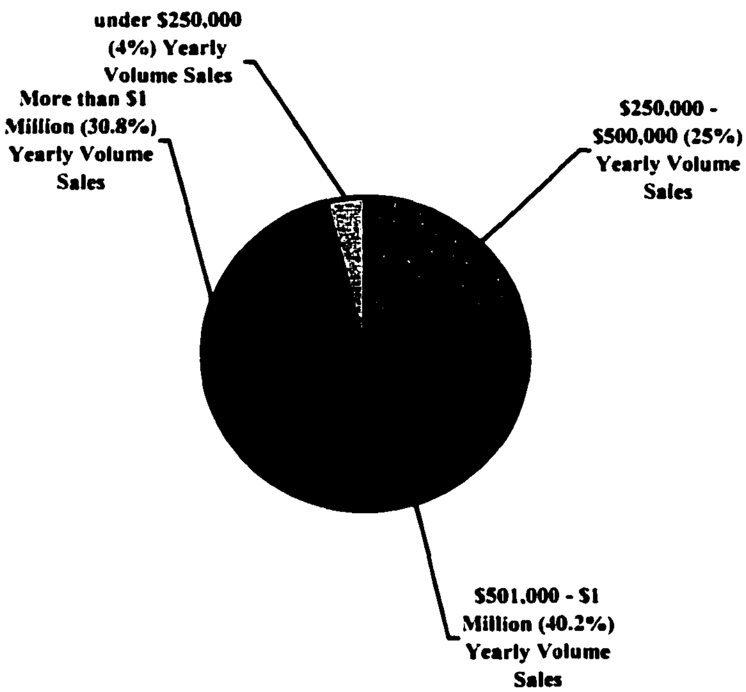

Figure 2: Firm Demographics Note: Because of rounding, may not add up to 100%.

Table 2: Yearly Distribution of Volume of Sales of Responding Firms

Volume of Sales	% of Firms
$501,000-$1 million	40.2
More than $1 million	30.8
$250,000-$500,000	25
under $250,000	4.0
Total	100

As shown in Figure 3 Table 3, the distribution of employees in the participating firms was as follows: 37% employed 21-50 employees, 24% employed 6-20 employees, 13% employed 51-75 employees, 11% employed 1-5; 5% of participating firms employed 101-499 employees.

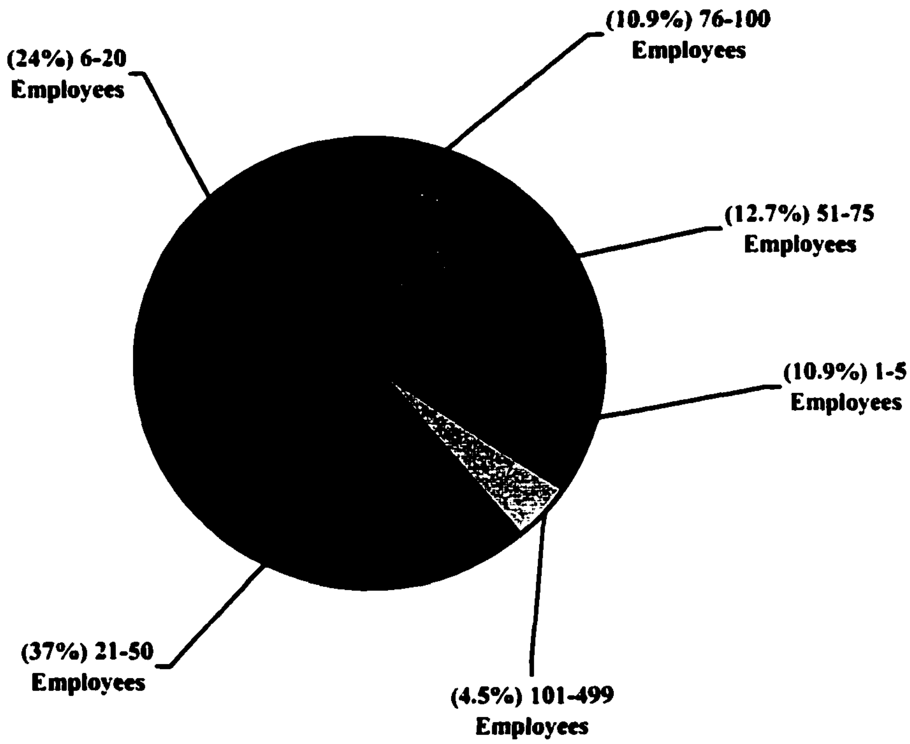

Figure 3: Distribution of Firms by number of Employees

Table 3: Distribution of Firms by Employees

Number of Employees	% of Firms
21-50	37
6-20	24
51-75	12.7
76-100	10.9
1-5	10.9
101-499	4.5
Total	100

As shown in Figure 4 and Table 4, the distribution of participating firms by years in business, was a follows: 49% had been in business 11-20 years, 32% had been in business 4-10 years, 10% were in business for 21-35 years, 5% more than 36% and 4% had been in business for 1-3 years.

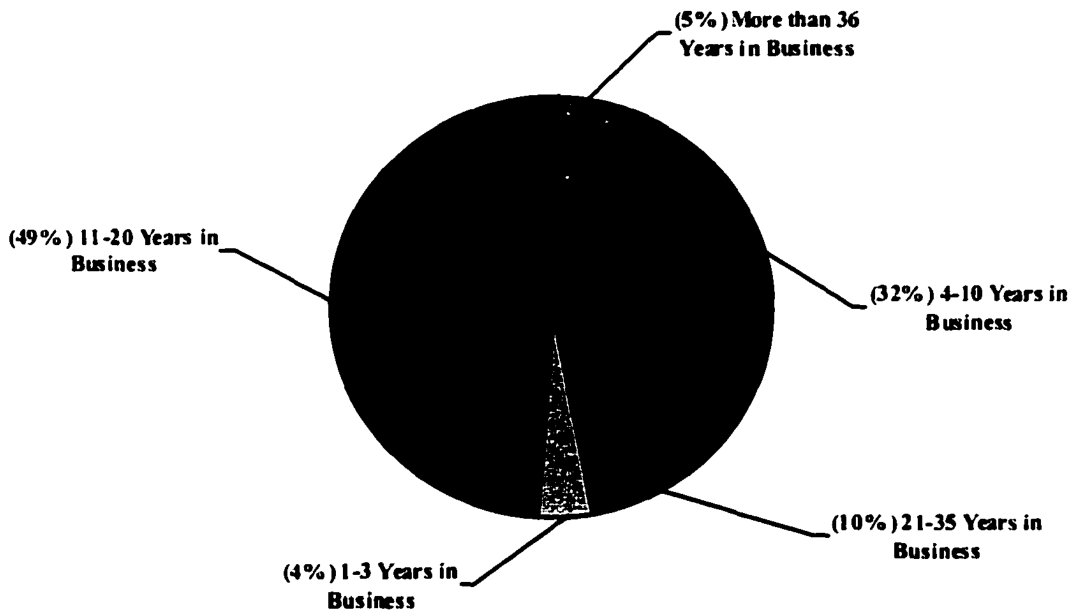

Figure 4: Years in Business

Table 4: Years In Business

Years	% of Firms
11-20	49
4-10	32
21-35	10
more than 36	5
1-3	4
Total	100

As shown in Figure 5 and Table 5, the sample distribution by product type in the participating firms was as follows. It should be noted that over half of firms reported "other"[17] as their product type; 17% reported textile; 13% reported consumer goods; 13% reported pharmaceuticals; and 4% reported engineering equipment as their product type.

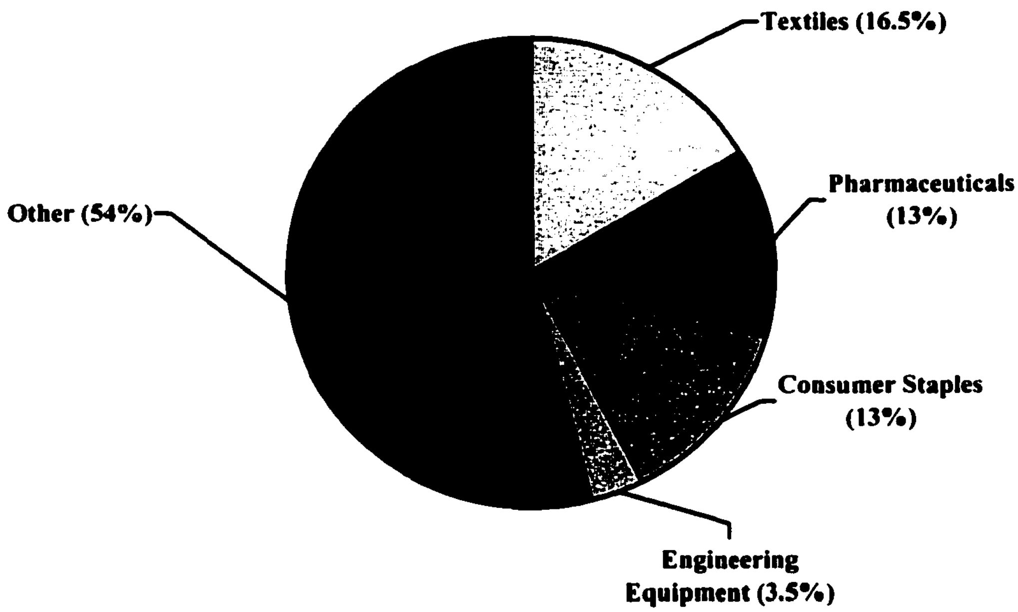

Figure 5: Distribution by Product Type

Table 5: Product Export

Product Type	% of Firms
Other	54
Textile	16.5
Consumer Staples	13
Pharmaceuticals	13
Engineering Equipment	3.5
Total	100

[17] The "other" category was not specified, it could however include the service sector.

As shown in Figure 6 and Table 6, the distribution of firms by market share was as follows: 90% of firms had less than 25% of Nigeria's market while 4% of firms had 51-75% of Nigeria's market.

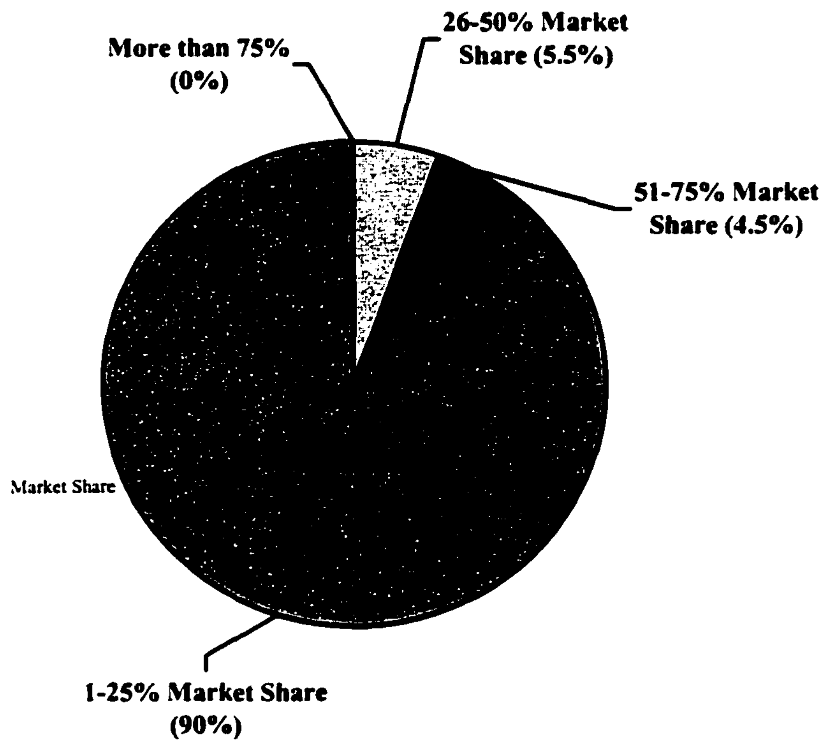

Figure 6: Share of Market in Nigeria

Table 6: Responding Firms' Share of Market in Nigeria

Market Share	% of Firms
1-25%	90
26-50%	5.5
51-75%	4.5
More than 75%	0
Total	100

As shown in Figure 7 and Table 7, the distribution of firms by future international business operation with Nigeria was as follows: 66% were somewhat confident, 20% were very confident, 9% were not confident, and only 5% were little confident about future international business operations with Nigeria.

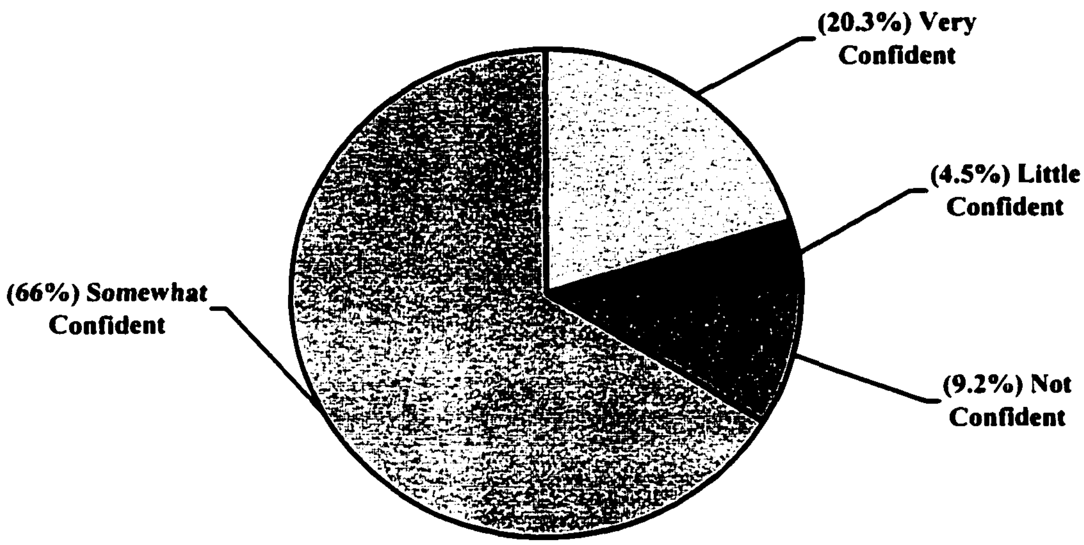

Figure 7: Future IBO with Nigeria

Table 7: Responding Firms Future IBO Confidence Level

Confidence Level	% of Firms
Somewhat Confident	66
Very Confident	20.3
Not Confident	9.2
Little Confidence	4.5
Total	100

Factors That Determine Participation in IBOs With Nigeria

Social Factors

Social factors are elements relating to culture, language, experience, religion, values, attitudes, education, and organization/relationships. Successful international business operations require broad knowledge of these social factors. An understanding of these factors within the country where a firm is engaged in international business operations can help minimize the firms' social and business errors.

The findings on social factors (as shown in Table 8) of most concern to participating firms were as follows: 59% were most concerned about trust of contracts, and only13% were most concerned with clocktime. The literature review also supports the findings of social factors as impediments to international business operations. Language and culture were the only two social factors in the literature that were of concerned in IBOs. The review of literature did not reveal market assessment as a determinant of IBOs; however it had medium importance for the participating firms. The participants indicated that clocktime was the least important determinant of IBOs; while they viewed contracts, trust about product price, and trust about product quality as impediments to their international business operations with Nigeria.

An examination of the data for this study showed that U.S. small business enterprises found social factors important to their participation in international business operations with Nigeria. Based on these findings the null hypothesis that U.S. small business enterprises do not find social factors important to their participation in IBOs with Nigeria was rejected.

Table 8: Social Factors

Social Factors	% of Firms Most Concerned
Trust about Contracts	59
Trust about Product Price	57
Trust about Product Quality	50
Market Assessment	24
Language	22
Culture	17
Clocktime[18]	13

* A respondent could have chosen one or more factors of most concern; therefore total will not equal 100.

Legal Factors

Legal factors are legal dimensions of business which could cause uncertainty of patents, trademarks, contracts, laws governing exporting and importing, and taxes. An understanding of these factors is important, because it helps to minimize situations where international firms may not have the statutory authority to undertake international business operations in the host country.

According to the findings shown in Table 9, participants did not view legal factors as very important determinants of their participation in international business operations with Nigeria. Export restrictions were the concerns of 14% of participating firms; 10% were concerned with Host country laws and only 2% of the firms were most concerned with the export trading companies (ETC) and anti-boycott laws.

Based on the literature review for this study, legal factors were found to be an impediment for international business operations. Managers of small business enterprises were

[18] Clocktime indicates the differences in the importance of punctuality in business or social appointments. The traditional attitudes toward time are found in the less developed countries, while the modern attitudes toward time are found in the industrialized nations (Terpstra, 1978).

concerned with the nature of the legal system, which may affect the attractiveness, or deterrence of the country as an investment site and/or market. These findings were an anomaly because they did not support the well-documented empirical literature that concludes the contrary. This surprising anomaly may have occurred because of misinterpretation by the participants of the questions regarding legal factors.

The findings of this study confirmed the null hypothesis that U.S. small business enterprises do not find legal factors important to their participation in IBOs with Nigeria.

Table 9: Legal Factors Relevant To Firms Doing Business in Nigeria

Legal Factors	% of Firms Most Concern
Export Restrictions	14
Country Laws	10
CISG[19]	10
Legal Jurisdiction	9
FCPA[20]	9
State Enterprises	8
Trade Secrets	7
Risks	7
Courtesy of Officials	6
Patents	6
Trademarks	6
Export Incentive	6
National Tax Jurisdiction	6
Court of Arbitration	6
Trade Names	5
Copyrights	5
Export Laws	4
Bribes	4
Trade Secrets	3
ETC Act[21]	2
Anti-Boycott Law	2

* A respondent could have chosen one or more factors of most concern; therefore total will not equal 100.

[19] Contract for International Sale of Goods (CISG) which is a law that governs international sales.
[20] Foreign Corruption Practices Act (FCPA) passed in 1977 making payments to foreign officials illegal (Daniels & Radebaugh, 1992).
[21] Export Trading Companies (ETC) Act limits export potential (Daniels & Radebaugh, 1992).

Economic Factors

Economic factors are the elements relating to financial measurement and control, differences in exchange rates, market size, competition, financial institutions and credit concerns. Successful international business operations require a broad knowledge of these economic factors, as they may provide a snapshot of market attractiveness.

The establishment of a niche market, the ability to operate at profitable volumes and global competition, were the economic factors (shown in Table10) that most influenced the decision to conduct business with Nigeria.

Prior to engaging in international business operations with Nigeria (shown in Table 11), 92% of participating firms considered the following combination of economic trends: interest rates, exchange rates, and the rate of inflation. As shown in Table 12, additionally, 60 % of participating firms considered "other" market indicators prior to engaging in international business operations with Nigeria: 21% considered Nigeria's population, 6 % considered Nigeria's GDP, 6% considered market growth, 6% considered human resources, and only 1% considered market richness. A combination of market strength, border monitoring and consumer price index, were used by 86% of participating firms as market indicators to determine Nigeria's market potential (as shown in Table 13). Participants indicated "other" as the indicator used to determine Nigeria's market size. A combination of rate of return, paying habits, and availability of credit, were considered as financial investment factors by 86% of participating firms.

The literature review also supported the findings of economic issues as an impediment to international business operations for small firms. The literature suggested that firms were concerned with the return on their investments in unstable developing nations. Further, the nature of the competitive (domestic or foreign) environment was an impediment for growth and development in international business. Fluctuation of exchange rates was also an impediment to international business and investment.

Based on the findings of this study, the null hypothesis was rejected that U.S. Small business enterprises do not find economic factors important to their participation in IBOs with Nigeria. Economic Factors of which firms were most concerned are presented in Tables 10-13.

Table 10: Economic Factors Relevant to Firms Doing Business with Nigeria

Economic Factors	% of Firms Most Concerned
Niche Markets	68
Profitable Volume	53
Global Competition	48
Number of Competitors	44
Size of Competitors	41
Competitor Market Share	37
Credit Availability	32
Competitor Strategy	29
Competitor Channels	27
Program Effectiveness	26
Competitor Pricing	24
Product Quality	22
Competitor After Sale	19
Product Country Origin	17

Table 11: Pre-Consideration of Economic Trends

Economic Trends	% of Respondents
Combination	86
Market Strength	9
Border Monitor	8
Consumer Price Index	0
Other	0

Table 12: Market Size Indicator

Market Size Indicator	% of Respondents
Combination	92
Interest Rates	5
Exchange Rates	4
Inflation Rates	0
Other	0

Table 13 Influencing Financial Investment Indicator

Financial Factors	% of Respondents
Combination	86
Rate of Return	11
Paying Habits	3
Credit Availability	2
Other	0

*It will be noted that firms were most concerned with niche markets, a combination of economic trends, a combination of financial factors, market indicators and other market indicators.

Political Factors

Political factors are the elements concerning supportiveness of U.S. agencies. These include good governance, political stability and bi-political variables. Understanding and remaining informed about non-market environments, enable firms to manage political determinants of participation to which they are exposed and facilitate the design of non-market strategies through which the international business operations can achieve a competitive advantage.

Table 14 shows that 51% of participants viewed continuity of government policy as the most important incentive which contributed to their firm's competitiveness in international business operations. And, 25% considered political stability as a participation determinant for international business operations, while problems with foreign exchange, good governance, foreign investments limits and environmental protection were least important to participating firms.

Table 14: Political Factors Relevant To Firms Doing Business in Nigeria

Continuity of Gov't Policy	51
Political Stability	25
Service Agencies	21
Government Ideology	20
Trade Mission	18
GDP Growth	16
EXIM Assistant Centers	14
Human Rights Violations	12
EXIM	7
US Embassies	6
SBA	6
USDOC	5
Prob. With Foreign Exchange	4
Good Governance	4
Foreign Investment Limits	4
Environment Protection	4

Technological Factors

Technology, for all of its vital importance, is a key tool for international business operations because it increases the productivity and effectiveness of the business process. Table 15 shows that 87% of participants viewed computers as the most important incentive which contributed to their firms' participation in international business operations with Nigeria, while production data, data warehousing, just-in-time inventory, semi-conductors and computer chips were of least importance to participating firms. The findings of this study showed that U. S. small business enterprises found technological factors important determinants for their future participation in international business operations with Nigeria.

The literature review also supports the findings that technological factors are determinants of participation in international business operations throughout the world. It concludes that there is a relationship between the level of technology a country has, and its success in attracting international business investments and investors.

Based on the findings of this study, the null hypothesis that U.S. small business enterprises do not find technological factors important to their participation in IBOs with Nigeria, was rejected. As shown in Table 15, it is believed by 83% of participating firms that some technology transfer is used in international business operations with Nigeria.

Table 15: Technological Factors Relevant To Firms Doing Business with Nigeria

Technological Factors	% of Firms Very Important
Computers	87
Software Impact	69
Telecommunications	56
Fax Machines	53
Internet	50
E-Mail	43
Software	39
Digital Cameras	28
Wireless Communications	28
Teleconferencing	25
Satellite Communications	23
Scanning	16
Production Data	15
Data Warehousing	14
Just-in-Time Inventory	14
Semi Conductors	13
Computer Chip	11

* A respondent could have chosen one or more factors of most concern; therefore totals will not equal 100.

Table 16, shows that 83% of participating firms believed that some technology transfer is employed in international business operations with Nigeria.

Table 16: Use of Technology Transfer in IBO

Technology Transfer Demand	% of Respondents
All Technology	1
Most Technology	9
Some Technology	83
No Technology	7

Regulatory and Institutional Factors

Regulatory and institutional factors are elements relating to regulatory assistance or barriers imposed by state, federal, international or other government assistance agencies. Because the government imposes many regulatory barriers on international business and investors, successful international business operations require knowledge of both existing and new developments that can impact international business operations.

The regulatory and institutional factors shown in Table 17 indicate that 21% of participants believed that service agencies provided the most support, while the United States Department of Commerce provided the least support to their international business operations with Nigeria. This study showed that U.S. small business enterprises found regulatory and institutional factors important to their participation with Nigeria.

Table 17: Regulatory and Institutional Factors Relevant To Firms Doing Business in

Regulatory and Institutional Factors	% of Firms Best Support
Service Agencies	21
EX- IM Assistance Center	14
EXIM	7
SBA	6
US Embassies	6
USDOC	5

*A respondent could have chosen one or more factors of best support

The literature review also supports the findings that regulatory and institutional factors are determinants of U.S. small business enterprise participation in international business operations with Nigeria. They were found to be both impediments as well as incentives. It concludes that there is a relationship between the resources provided by local, state and governmental agencies, and the number of exporters.

Based on findings of this study, the null hypothesis that U.S. small business enterprises do not find regulatory and institutional factors important to their participation in IBOs with Nigeria was rejected.

Chapter V

SUMMARY, CONCLUSIONS, AND POLICY IMPLICATIONS

Summary of Findings

This chapter presents a summary of the research findings, the conclusions, implications for policy formulation, and recommendations for future studies. The assumptions for this study were based on the belief that a limited number of U.S. businesses engage in international trade with Nigeria, and that the identification of the core factors from U.S. businesses surveyed would yield valid information that could be used in the creation of a model for SBEs' participation in IBOs with Nigeria. This study also determined that social, *legal, economic, political, technological*, and *regulatory and institutional factors* were determinants of U.S. small business enterprise participation in international business operations with Nigeria.

Counting the number of companies listed in the two databases from which the participant sample was chosen, refuted the assumption that a limited number of small businesses engage in international trade with Nigeria. The study found that a large number of U.S. small business enterprises engage in international business with Nigeria. The findings from this study indicated that firms surveyed viewed the establishment of trust about contracts, product quality, and product price as the most important *social factor* (or core determinant) of participation in IBOs with Nigeria. These findings were consistent with the review of international business empirical literature which support the findings of trust issues as an impediment to international business operations for small firms throughout the world. The literature suggested that the firms' size and resource constraints made it difficult for them to overcome the attitudes involved in international business expansion and competition, thus making trust a crucial factor for participating in international business operations.

The findings indicated that *legal factors* were not important core determinants of SBEs' participation in IBOs with Nigeria. However, it is well documented in the literature that most companies are concerned with legal protection whether doing business at home or abroad. These findings were an anomaly because they did not support the well-documented empirical literature that concludes the contrary. This surprising anomaly may have occurred because of misinterpretation by the participants of the questions regarding legal factors.

The *economic factors* were core determinants of U.S. small business enterprise participation in IBO with Nigeria. Small business entrepreneurs considered their ability to establish a market niche, earn a profit, create competitive advantage, and determine the number of competitors, before conducting business with Nigeria. Small business entrepreneurs also considered the country's inflation rate, exchange rates, and interest rates, before deciding to engage in IBOs with Nigeria. The economic factors that informed them of Nigeria's potential for their capital investment were credit availability, paying habits of customers, and rate of return for comparative investments. Prior to engaging in international business operations with Nigeria, participating firms considered a combination of economic trends: interest rates, exchange rates, and the rate of inflation. They also considered "other" market indicators. Furthermore, participating firms considered a combination of market strength, border monitoring and consumer price index, as market indicators to determine Nigeria's market potential. Participants indicated the use of "other" indicators to determine Nigeria's market size. They also considered a combination of rate of return on investments, paying habits, and availability of credit as financial investment factors.

These findings were not unexpected, given that the Nigerian business environment has been unstable because of its devalued currency, unstable political environment, constant changing regulation and policies, and rampant corruption.

The *political factors* of Nigeria were core determinants of SBEs participating in international business operations in the country. Continuity of government policy and political instability were viewed as the greatest deterrents to foreign direct investment with Nigeria. The literature agrees that these findings were not surprising, considering that political instability has always affected market conditions and firms' willingness to invest. Given that businesses are profit-oriented, a country's political stability is important because of its impact on the economic situation.

The findings further indicated that SBEs found *technological factors* as core determinants of their participation in IBOs. These findings were consistent with the findings of prior studies that showed that a firm's knowledge and technical advantage have a significant effect on the attractiveness of exporting. A reasonable explanation of these findings was that most U.S. small business enterprises used technology extensively in their current operations and felt that the basic need, or the lack thereof, for technological advances (such as computer, fax machine, e-mail, internet, wireless communication, digital cameras, and telecommunication) would improve their IBOs with the host country.

The findings of this study indicated that *regulatory and institutional factors* were core determinants of SBEs participation in IBOs with Nigeria. The study found that regulatory the service agencies provided the most support however the United States Department of Commerce provided the least support to their international business operations with Nigeria.

Conclusions

As a first step to verify the extent to which the six selected core factors impact the decision of U.S. small business enterprises to engage in IBOs with Nigeria, this study sought to determine the importance of these six factors in decisions of small business enterprises (SBEs) to engage in exports to Nigeria.

Nigeria has demonstrated its very powerful political force on the continent of Africa through its contribution to military operations in the Congo, Tanzania, and Lebanon. Even though the political environment in Nigeria has been very unstable for many years, it is currently experiencing a high degree of peace through its democratic government.

Therefore, these findings may be helpful in designing curricula to train and teach individuals about the factors that are important for U.S. small business enterprises' participation and expansion of international business operations with Africa. With the world transitioning into a global economy, borders are disappearing and participation factors of the past are being adjusted.

A general rule in economics is --- the more the risk, the more opportunity there is for a greater profit. For this reason, from a public policy point of view, the findings of this study suggest that more successful strategies for integrating Nigeria's huge market into the world community should be developed.

Because trust was a significant social concern of United States SBEs' participation in IBOs, it is also generally believed that building stronger relationships would increase any company's participation. It can be assumed that the SBEs had already established some type of relationship based on trust and a shared set of goals.

The American and Nigerian governments could have a greater choice of increasing political and economic relationships with each other as well as providing increased opportunities for their citizens to achieve a better quality of life through increased trade involvement with one another. Perhaps new improved government policies could be implemented to increase participation in IBOs and reduce barriers and restrictions.

Policy Implications

This study has several policy implications. The primary purpose of this study however, was to verify the extent to which the six selected core factors impact the decision of U.S. small business enterprises to engage in IBOs with Nigeria.

Since this was the primary goal of the study, any statements about possible policy are somewhat tenuous. The research findings do indicate, however, public policy implications. From the results presented above, any policy aimed at increasing participation of U.S. exporters in international business operations with Africa should address the restrictions placed on goods exported to the continent. The enactment of African Growth and Opportunity Act (AGOA) is a positive move that seeks to shift America's relationship with Africa from aid to trade and investment; but could be further improved by removing some of the requirement restrictions placed on the countries in Africa and the would-be U.S. exporters. The new policy should ensure that a "win-win" situation is created for all parties. Policy makers should survey ways to assist in developing new relationships based on bilateral benefits, instead of unilateral benefits for certain interest groups and organizations. The enactment of the World Trade Organization (WTO) and North American Free Trade Agreement (NAFTA) has not only assisted in reducing tariffs and non-tariff barriers such as quotas but also assisted in spurring globalization.

Additional new policies should be designed to decrease risk that exporters might have. For example, academics and policy makers interested in increasing exporting should enhance their educational programs aimed at educating business managers employed by small business enterprises in export management and strategies in order to improve the use of resources provided by local, state, government and other agencies focused on promoting exports of goods and services. Increased international research should be conducted, as unique characteristics of determinants of IBOs require careful study on a country-by-country basis.

In addition, the Nigerian government may consider developing policies to improve the Ministry of Commerce and Tourism and the Nigerian Export Promotion Council (NEPC), which are agencies established to assist the country with commerce. The Nigerian agencies offer similar services to the U. S. Department of Commerce, the U.S., EX-IM Bank and the Small Business Administration. Exporters could benefit from more U.S. as well as Nigerian technical assistance organizations. Trade shows and trade missions are vehicles that may be used by local, state, governments and international organizations to increase United States IBO participation with Nigeria. Further, the Nigerian government may want to focus more resources on increasing essential markets such as manufactured goods, consumer staples, engineering equipment, chemicals, food, pharmaceuticals and live animals, which comprised the majority of the country's 1997 imported goods.

Based on the importance attached in exporting literature to both internal and external factors as determinants of exporting, it is important for business enterprises as well as policy makers to understand what firms perceive as important determinants of their business operations. Social factors such as trust, economic exchange rates, political continuity of government policy, technological telecommunications, and regulatory and institutional monopolized industries, provide a crucial message for governments and policy makers. It is important for governments and policy makers to consider these factors to be in dissonance with U.S. firms' willingness to engage in international business operations with Less Developed Countries (LDCs) such as Nigeria.

Since attractiveness of markets and profit potential are concerns of exporting firms, it is essential that substantial bilateral trade policies be created to encourage continued trade relations. Government plays a crucial role in facilitating international business participation. It is, therefore, necessary for effective local, state, national, and international policies to be formulated which could help to stimulate U.S. small business enterprises' interest in the Nigerian market and other similar markets located in Africa.

There is a need for a systematic and structured process for transmitting information that can assist exporting firms. One major component of a systematically structured program would educate firms on the economic and political environments. Any negative perceptions can be reduced or eliminated by more effective educational processes. Many firms find that institutional agencies provided significant support to their international business operations.

Export promotion policies should go further than education in the export process and provide a means to encourage those firms currently engaged in international business operations that have a product or service that is needed throughout various countries of the world.

Furthermore, there is a need for the implementation of state and federally supported trade missions as a means by which firms can visit Nigeria to learn about trade opportunities and find out about the real cost of international business operations with the country.

Recommendations for Future Research

There are two sets of recommendations from this study; one emanates from the findings of the study and other from the limitations from the study.

Recommendation from Limitations

The present study did not address how managers' attitudes affect the firms' decision to engage in international business operations with Nigeria. This area of interest deserves to be addressed in future studies. It is important to understand how managers perceive LDCs such as Nigeria and how that perception might affect overall business operations. Therefore, it is recommended that future studies address managers' perception of LDCs and how their perception will affect their desire to participate in business operation with the country.

Recommendations from Findings

The following are recommended:

1) that research to validate each of the core determinants be conducted to re-affirm the findings of this study as a replication research inquiry, and
2) that additional research focusing on large businesses be conducted to determine the efficacy of the core determinants as universal factors for global businesses in Africa.

While findings of this study show that social, economic, political, technological and regulatory and institutional factors are determinants of U.S. small business enterprises' participation in international business operations with Nigeria, it is hoped that this work will spur additional research on this subject.

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Appendix A

Cover Letter

2778 Cumberland Blvd PMB 297
Smyrna, GA 30080
404-349-1661

July 1, 2001

Dear Research Participant,

I am conducting a study of small business enterprises that are engaged in International Business as a part of my Ph.D. degree program in Business Administration at The Union Institute & University. Information about this research project will increase our understanding of barriers to international business operations with Nigeria and will help in future research in the field.

During this research study, I invite you to participate in a survey. It will only take about thirty minutes of your time to answer the questions on the enclosed questionnaire and to return it in the stamped envelope. After the research is completed, as a token of appreciation, I will forward a summary of my findings and the implications of those findings to you by mail. You can also contact me anytime if you have future questions about U.S./Nigeria business activities and/or opportunities.

I shall protect the privacy of your participation in this project. You will be identified by number and not by name. All responses will be confidential and your name will not be used in any report regarding this research. You are free to decline to participate or to withdraw at any time.

Please return the questionnaire within 14 days from receipt. If you have any questions about this study, please contact me at 404-349-1661 or by email tdir@hotmail.com. Please leave a message if I am not immediately available. Thank you.

Sincerely,

Melissa Williams
Doctoral Student

I, ______________________________________, consent to participate in the study of small business enterprises in international business operations with Nigeria. I understand that I may refuse to participate or withdraw from this study at any time. I understand that all responses will be confidential. I understand that I may direct questions about this project to Melissa Williams.

______________________________ ______________
Signature Date

Appendix B

Screening Questionnaire

Screening Questionnaire

I am conducting research in order to ascertain the participation of U.S. based firms in international business operations with Nigeria. Have you been involved in, or have you read extensively about, or have you worked in U.S. based firms doing business in Nigeria over the last 5 or 10 years?

- ☐ **Yes**
- ☐ **No**

If yes, where do you recall having been involved, read, or worked in U.S. based firms doing business with Nigeria?

☐ **1. My own private firm, which I was employed**
☐ **2. Private firm with which I was employed**
☐ **3. Public sector, organization with which I was employed**
☐ **4. Radio**
☐ **5. TV**
☐ **6. Internet**
☐ **7. Other (specify: ____)**
☐ **8. Don't remember, don't know**

Appendix C

Sample of Participation of International Business Operations: The Case of Nigeria Survey

Participation in International Business Operations (IBOs): The Case of Nigeria

Questionnaire for Research Purposes

The Union Institute & University

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I. DEMOGRAPHICS

Please answer the questions below to the best of your ability. Your answers and comments are confidential and will help to guide the research being conducted in International Business Operations (IBOs).

(1) **What is the yearly volume of sales of your firm?**

☐ under $250,000 ☐ $250,000 -$500,000 ☐ $501,000-$1million ☐ more that $1 million

(2) **What is the size of your firm (sales, employees)?**

☐ 1-5 ☐ 6-20 ☐ 21-50 ☐ 51-75 ☐ 76-100 ☐ more than 101

(3) **What is the number of years your company has been in business?**

☐ 1-3 ☐ 4-10 ☐ 11-20 ☐ 21-35 ☐ more than 36

(4) **What is your product type?**

☐ 1.Consumer staples (food, tobacco, beverages, ect.) ☐ 2. Textile ☐ 3. Pharmaceuticals ☐ 4. Engineer Equipment ☐ 5. Other

(5) **What is your share of the market in Nigeria?**

☐ 1-25% ☐ 26-50% ☐ 51-75% ☐ more than 76%

(6) **Overall, how confident are you about long-term (beyond 5 years) business activities with Nigeria?**

☐ 1.Very Confident
☐ 2. Somewhat Confident
☐ 3. Little Confident
☐ 4. Not Confident
☐ 5. N/A

II. INITIAL SCREENING – Basic need potential and/or foreign trade and investment.

(7) Do you use a basic need analysis to determine potential of all goods, some goods, no goods?

☐ 1. All goods ☐ 2. Some goods ☐ No goods ☐ 4. Other

(8) Were climate, topography, or natural resources the major determinant?

☐ 1. Climate ☐ 2. Topography ☐ 3. Natural resources ☐ 4. other

I would like you to rate basic need for potential and foreign trade and investment on the following basis.

		very Low	Extremely High	Very High	High	Low
(9)	International trade statistic	5	4	3	2	1
(10)	Competitors export status	5	4	3	2	1
(11)	Foreign exchange	5	4	3	2	1
(12)	High prices	5	4	3	2	1
(13)	Political pressure	5	4	3	2	1
(14)	Cost of producing in (Nigeria) versus cost of producing in the U.S.	5	4	3	2	1

III. CORE FACTORS

A. SOCIAL FACTORS:

How concerned are you about the significance of culture in your international business operations? On a scale of 1- 5 with 5 being the most concerned and 1 the least concerned please rank the following:

(15) Need to be prepared (market assessment) for foreign market

Least Concerned 1 2 3 4 5 Most Concerned

(16) Need to adapt modern attitude towards clock time

Least Concerned 1 2 3 4 5 Most Concerned

(17) Need to establish trust about product quality

Least Concerned 1 2 3 4 5 Most Concerned

(18) Need to establish trust about product price

Least Concerned 1 2 3 4 5 Most Concerned

(19) Need to establish trust about contracts

Least Concerned 1 2 3 4 5 Most Concerned

(20) Need to understand the importance of language

Least Concerned	1	2	3	4	5	Most Concerned

(21) Need to understand the attitudes, beliefs, values of a culture

Least Concerned	1	2	3	4	5	Most Concerned

B. LEGAL FACTORS

I would like you to rate basic need potential for foreign trade on the following basis.

		Extremely High	Very High	High	Low	Very Low
(22)	Export restriction and entry barriers	5	4	3	2	1
(23)	Host country laws (e.g. Nigeria)	5	4	3	2	1
(24)	Courtesy provided by custom officials	5	4	3	2	1
(25)	Industries reserved as state-owned enterprises	5	4	3	2	1

On a scale of 1 to 7 with 1 being least Important and 7 being very Important. Please RANK the following in the terms of importance to U.S. / Nigerian trade:

(26) Patents

Least Important	1	2	3	4	5	6	7	Very Important

(27) Trademarks

Least Important	1	2	3	4	5	6	7	Very Important

(28) Trade names

Least Important	1	2	3	4	5	6	7	Very Important

(29) Copyrights

Least Important	1	2	3	4	5	6	7	Very Important

(30) Trade secrets

Least Important	1	2	3	4	5	6	7	Very Important

(31) Industrial espionage

Least Important 1 2 3 4 5 6 7 Very Important

(32)

Intellectual property rights

Least Important 1 2 3 4 5 6 7 Very Important

On a scale of 1 to 7 with 1 being least concerned and 7 most concerned please RANK the following:

(33) **Contracts for the international sale of goods (CISG)-international sales law**

Least Concerned 1 2 3 4 5 6 7 Very Concerned

(34) ***Law of country connected most closely with contract (legal jurisdiction)***

Least Concerned 1 2 3 4 5 6 7 Very Concerned

(35) **International court of arbitration –private court for international disputes**

Least Concerned 1 2 3 4 5 6 7 Very Concerned

On a scale of 1 to7 with 1 being least expected to limit/dampen your competitiveness in international business operations and interest please RANK the following domestic laws:

(36) **Antitrust**

Dampen competitiveness 1 2 3 4 5 6 7 Expand competitiveness

(37) **Laws impeding exports**

Dampen competitiveness 1 2 3 4 5 6 7 Expand competitive

(38) **Export Trading Companies (ETC) Act (law that limit export potential)**

Dampen competitiveness 1 2 3 4 5 6 7 Expand competitiveness

(39) **Export incentive (tax)**

Dampen competitiveness 1 2 3 4 5 6 7 Expand competitiveness

(40) **National tax jurisdiction (taxing Americans who work abroad)**

Dampen competitiveness 1 2 3 4 5 6 7 Expand competitiveness

(41) **Foreign Corrupt Practices Act (FCPA)**

Dampen competitiveness 1 2 3 4 5 6 7 Expand competitiveness

(42) **Uncertainties/Risks**

Dampen competitiveness 1 2 3 4 5 6 7 Expand competitiveness

(43) **Other country's reaction to payment of bribes**

Dampen competitiveness 1 2 3 4 5 6 7 Expand competitiveness

(44) **Anti-boycott Law**

Dampen competitiveness 1 2 3 4 5 6 7 Expand competitiveness

C. ECONOMIC FACTORS

Please answer the questions below. Mark one answer only for each question.

(45) What economic trend in (Nigeria) do you consider before deciding to do business with Nigeria?

- ☐ 1. **Inflation rate**
- ☐ 2. **Exchange rate**
- ☐ 3. **Interest rates**
- ☐ 4. **Combination of above**
- ☐ 5. **Other**________________

(46) What financial factors informed you of Nigerian's potential for your capital investment?

- ☐ 1. **Credit availability**
- ☐ 2. **Paying habits of customers**
- ☐ 3. **Rates of return on comparative investments (other goods in other markets)**
- ☐ 4. **Combination of above**
- ☐ 5. **Other** ________________________

(47) **What market indicator did you use to determine market potential of Nigeria?**

- ☐ 1. Relative market strengths of various states in Nigeria
- ☐ 2. **Consumer Price Index**
- ☐ 3. **Cross Border Monitor (looking at what others goods are doing in other areas)**
- ☐ 4. **Combination of above**
- ☐ 5. **Other** ____________

(48) What market indicator was used to determine market size? Rank from 1 to 7.

- ☐ 1. .Relative size of Nigeria population as a percentage of the total world population
- ☐ 2. Relative size of Nigeria GDP as a percentage of the total world GDP
- ☐ 3. Market growth (average of percentage growth over the past five years)
- ☐ 4. Natural Resources (crude oil, cocoa, silver, ect)
- ☐ 5. Human Resources
- ☐ 6. Richness of market
- ☐ 7. Other

Please indicate the extent to which the following influenced your decision to conduct business in the Nigerian Economy.

		Definitely Influenced	Probably Influenced	Neutral	Probably did not Influence	Definitely did not Influence
(49)	Estimated number of competitors	5	4	3	2	1
(50)	Estimated size of your competitors	5	4	3	2	1
(51)	Estimated market share of competitors	5	4	3	2	1
(52)	Marketing strategies of competitors	5	4	3	2	1
(53)	Apparent effectiveness of promotional programs of competitors	5	4	3	2	1
(54)	Quality of product lines of competitors	5	4	3	2	1
(55)	Country of origin of products	5	4	3	2	1
(56)	Pricing policy of competitors	5	4	3	2	1
(57)	Level of after sales service of competitors	5	4	3	2	1
(58)	Effectiveness of channels of competitors	5	4	3	2	1
(59)	Niche markets	5	4	3	2	1
(60)	Ability to operate at profitable volume	5	4	3	2	1
(61)	Perceived need to be globally competitive	5	4	3	2	1

(62) Availability of credit 5 4 3 2 1

D. POLITICAL FACTORS

On a scale of 1 to 5 with 1 being least and 5 best. Please RANK the U.S. Support Services of contribution to your competitiveness in international business operations.

(63) U.S. Department of Commerce

Least 1 2 3 4 5 Best

(64) U.S. embassies and consular offices

Least 1 2 3 4 5 Best

(65) Small Business Administration (SBA)

Least 1 2 3 4 5 Best

(66) Export/Import assistance center

Least 1 2 3 4 5 Best

(67) Export/Import Bank (EXIM)

Least 1 2 3 4 5 Best

(68) Availability of service agencies

Least 1 2 3 4 5 Best

(69) Other____________________

(70) None____________________

(71) How has Nigeria demanded that technology transfer be used in IBO?

All Technology	Most Technology	Some Technology	No Technology
1	2	3	4

(72) How were state owned enterprises behaving in competing with new comers or startup companies?

Total Monopoly	Mostly Monopoly	Some Monopoly	No Monopoly
1	2	3	4

(73) **Profit remittances: are there any undue restrictions on repatriation of earnings?**

☐ 1.Total Restriction ☐ 2. Some Restriction ☐ 3. Very Little Restriction ☐ 4. No Restriction

On a scale of 1 to 7 with 1 being smallest deterrent and 7 the greatest, please RANK the following as deterrent to inbound Foreign Direct Investment into Nigeria

(74) **Limits linked to amount of foreign investment made by foreigners**

Smallest 1 2 3 4 5 6 7 Greatest

(75) **Inability to provide foreign exchange for profit remittance**

Smallest 1 2 3 4 5 6 7 Greatest

(76) **Good governance**

Smallest 1 2 3 4 5 6 7 Greatest

(77) **Continuity of government policy**

Smallest 1 2 3 4 5 6 7 Greatest

(78) **Political stability**

Smallest 1 2 3 4 5 6 7 Greatest

(79) **Form of government ideology**

Smallest 1 2 3 4 5 6 7 Greatest

(80) **Sustained growth of GDP**

Smallest 1 2 3 4 5 6 7 Greatest

(81) **Availability and ability to participate in government sponsored trade missions, and trade fairs**

Smallest 1 2 3 4 5 6 7 Greatest

(82) **Environment protection**

Smallest 1 2 3 4 5 6 7 Greatest

(83) **Human rights violation**

Smallest 1 2 3 4 5 6 7 Greatest

E. TECHNOLOGICAL FACTORS

What technological forces would be most important in the future trade between Nigeria and the U.S.?

		Very Important	Somewhat Important	Neutral	Somewhat Unimportant	Very Unimportant
(84)	Computers	5	4	3	2	1
(85)	The impact of software	5	4	3	2	1
(86)	Fax machines	5	4	3	2	1
(87)	Internet	5	4	3	2	1
(88)	Telecommunications	5	4	3	2	1
(89)	Software	5	4	3	2	1
(90)	Wireless communications	5	4	3	2	1
(91)	Semi conductors	5	4	3	2	1
(92)	Computer chip	5	4	3	2	1
(93)	Data on production	5	4	3	2	1
(94)	Scanning	5	4	3	2	1
(95)	Data warehousing	5	4	3	2	1
(96)	Just -In-Time inventorying	5	4	3	2	1
(97)	E-Mail	5	4	3	2	1
(98)	Satellite communication	5	4	3	2	1
(99)	Teleconferencing	5	4	3	2	1
(100)	Digital cameras	5	4	3	2	1

(101) How useful were reports from U.S. government?

☐ 1.Extremly Useful ☐ 2.Very Useful ☐ 3. Neutral ☐ 4. Somewhat Useless ☐ 5. Extremely Useless

(102) **Trade associations**

☐ 1.Extremly Useful ☐ 2.Very Useful ☐ 3. Neutral ☐ 4. Somewhat Useless ☐ 5. Extremely Useless

(103) **Banks**

☐ 1.Extremly Useful ☐ 2.Very Useful ☐ 3. Neutral ☐ 4. Somewhat Useless ☐ 5. Extremely Useless

(104) **Consultants**

☐ 1.Extremly Useful ☐ 2.Very Useful ☐ 3. Neutral ☐ 4. Somewhat Useless ☐ 5. Extremely Useless

(105) **Host country information**

☐ 1.Extremly Useful ☐ 2.Very Useful ☐ 3. Neutral ☐ 4. Somewhat Useless ☐ 5. Extremely Useless

(106) **Availability of warehousing**

☐ 1.Extremly Useful ☐ 2.Very Useful ☐ 3. Neutral ☐ 4. Somewhat Useless ☐ 5. Extremely Useless

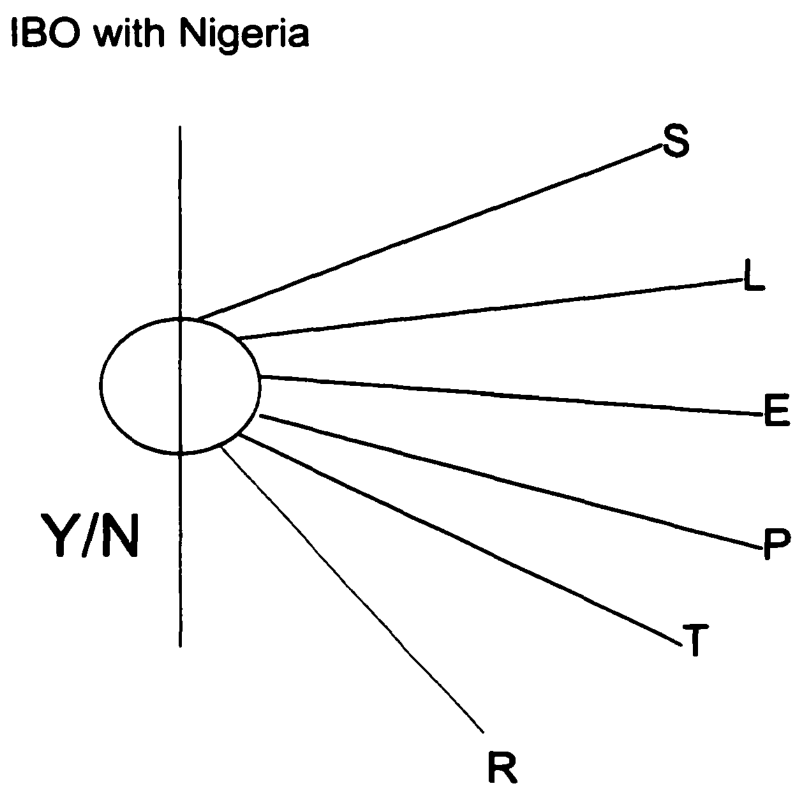
(107) **Availability of media**

☐ 1.Extremly Useful ☐ 2.Very Useful ☐ 3. Neutral ☐ 4. Somewhat Useless ☐ 5. Extremely Useless

Figure 8

Model of Step One

Figure 8 The dependency of (SLEPT) and regulatory and institutional factors to U.S Small Business participation in international business operations



*It should be noted that international business operations is the dependent variable and social, legal, economic, political, technological (SLEPT) and regulatory and institutional factors, are the independent variables.