THE ROLE OF EXPORT ASSOCIATIONS AS SUPPORTERS OF SME EXPORTERS IN GHANA'S NON-TRADITIONAL EXPORT SECTOR.

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ABSTRACT

Ghana's Non-Traditional Export (NTE) sector is central to her export growth and socio-economic development. Dominated by SME exporters, the sector has historically underperformed, hence Government's establishment of Export Associations (EAs) to boost SME exporters' performance. This research evaluated EAs' support-role by answering the question: To what extent are EAs in Ghana supporting SME exporters' to be competitive on the export market? The NTE sector and the export market provided the internal and external research contexts.

Designed cross-sectionally, the research adopted pragmatism and subsequently the mixed-methods approach. This involved the collection of qualitative data from 19 EAs and 4 Export Promotion Agencies via semi-structured and in-depth interview methods respectively, which were analysed thematically using Nvivo 8. Additionally, survey results from 259 SME exporters were statistically analysed employing SPSS.

The main findings suggest that EAs are supporting SME exporters only to a little extent, providing more home-country than foreign-country support. Exhibition Support; Production Support; Business Management Training, were high support areas, whilst Legal Assistance Abroad; Solving Problems Abroad; Contract Writing, received low support. Also, Actor Bonds, Activity Links, Resource Ties (AAR); Dynamic Capabilities (DC); Entrepreneurial Orientation (EO); Horizontal Trust; and Vertical Trust (most important) positively influenced SME exporters performance. The research revealed that 'vertical trust' had a stronger influence on export performance than 'horizontal trust.' 'Leadership characteristics' and 'Access to resource-support' emerged as additional EA factors influencing SMEs' export performance.

The study's key theoretical contribution is the successful application of the large-firm model (AAR) to small export firms, and the rare synthesis of network-level model (AAR), firm-level models (EO) and (DC), and a multi-dimensional construct (TRUST), for a conceptualization which is empirically tested. Findings from this research offer new insights to research practitioners and policy makers within the NTE sector, and provides a useful mechanism for evaluating EAs and determining SME exporters' performance.

DEDICATION

To the Almighty God

For His wisdom and strength to start and complete this thesis.

To my parents Mrs. Adelphina Martins & late Mr. A.D Martins

For your toil in educating me and training me in the way to go.

To my wife & helpmate Mrs. Joyce Martins

For your love, help and support through it all.

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STATEMENT OF ORIGINAL AUTHORSHIP

I declare that the contents of this thesis have not been previously submitted for a degree or diploma in any University. To the best of my knowledge and belief, this thesis contains no material previously published or written by another person, except where due references have been made in the thesis.

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Albert Martins

August, 2012

LIST OF ABBREVIATIONS

AAR	Actor Bonds, Activity Links, Resource Ties
AGI	Association of Ghana Industries
CEPS	Customs Excise & Preventive Service
CGD	Centre for Global Development,
DC	Dynamic Capabilities
EA	Export Association
EAs	Export Associations
ECOWAS	Economic Community of West African States
EDIF	Export Development and Investment Fund
EFC	Export Finance Company
EO	Entrepreneurial Orientation
EPAs	Export Promotion Agencies
ERP	Economic Recovery Programme
EU	European Union
FAGE	Federation of Associations of Ghanaian Exporters
FDB	Food & Drugs Board
FINSAP	Financial Sector Adjustment Program
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GEPC	Ghana Export Promotion Council
GETIC	Ghana Export Trade Information Centre
GFZB	Ghana Free Zones Board
GIPC	Ghana Investment Promotion Centre
GNI	Gross National Income
GSB	Ghana Standards Board
GSDA	Ghana Shared Growth and Development Agenda
GSS	Ghana Statistical Service
ICCO	International Cocoa Organization
ICT	Information & Communication Technology
IFPRI	International Food Policy Research Institute
IMF	International Monetary Fund
ISSER	Institute of Statistical, Social and Economic Research
ITC	International Trade Centre
MIC	Middle-Income-Country

MOFEP	Ministry of Finance & Economic Planning
MOFA	Ministry of Food & Agriculture
MOTI	Ministry of Trade & Industry
NBSSI	National Board for Small Scale Industries
NTE	Non-Traditional Exports
NTEs	Non-Traditional Exporters
ODA	Overseas Development Assistance
SME	Small and Medium Sized Enterprise
SMEs	Small and Medium Sized Enterprises
SPSS	Statistical Package for the Social Sciences
UNCTAD	United Nations Conference on Trade & Development
UNIDO	United Nations Industrial Development Organization
WTO	World Trade Organization

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CHAPTER 1

INTRODUCTION

This descriptive research aims at evaluating the extent to which Export Associations (EAs) in Ghana support the country's small and medium-sized enterprise (SME) exporters to ensure their international competitiveness. The key assumption is that effective EAs could capably support SME exporters in the export business, leading to increased export earnings required for Ghana's rapid economic growth and development.

1.1 EXPORT TRADE AND ECONOMIC DEVELOPMENT

Most of the export trade literature shows a positive relationship between export growth and economic growth in developing countries, and suggest that exports are critical to the development processes of developing economies (Johansson and Nilson, 1997; World Bank, 1999; Rutashobya, 2003; WTO, 2006). Whilst trade makes a significant contribution to sustainable development, increasing exports from developing countries is widely regarded as an important condition for further development and growth in poor countries (Hill, 2005; Kirkpatrick, 2006; Tesfom and Lutz, 2006). International trade is an important engine of development and poverty reduction, spurring economic growth, wealth creation, jobs and entrepreneurial opportunities (McCulloch, Winters and Cirera, 2001; ITC, 2010). Openness to external trade helps countries utilize their resources better in several ways. It allows a country to exploit comparative advantage and further extends the local market, allowing producers to better exploit economies of scale, which increases income levels and the efficiency of resource allocation (WTO, 2003). Openness to trade further creates new investment opportunities and strengthens and deepens the financial sector, which in turn plays a crucial role for the mobilization and efficient allocation of resources for investment (World Bank, 2006).

With the expansion of globalization and economic integration among countries, exporting has become an important internationalization strategy for companies and national economies (Koksal and Kettaneh, 2011). Export activity is crucial because it influences the amount of foreign exchange reserves as well as the level of imports a country can afford, while enhancing societal prosperity and helping national development (Lages and Montgomery, 2004; GEPC, 2005). Developing countries that increased their integration into the world economy over the past two decades achieved higher growth in incomes (World Bank, 2006). Heads of governments of the Commonwealth affirm the close link between trade and development:

"We firmly believe that all countries have a right to full development and are convinced that increasing trading opportunities is the most potent weapon to combat poverty" (Commonwealth Secretariat, 2003 p7). Current UN Secretary-General Ban Ki-moon observes: *"Trade has long had tremendous potential as an engine of sustained economic growth and development. Trade can and must be part of our efforts to stimulate a recovery"* (ITC, 2009 p1).

Contrary views to outward-orientation suggest that there is no guarantee trade could always reduce poverty or under-development. The econometric evidence linking trade liberalization to growth must be interpreted with caution (Roderick, 1999) because although the evidence linking exports and growth is strong, economic growth resulting from trade by itself does not guarantee success in eradicating poverty (Greenaway, Gullstrand and Kneller, 2004). Whilst the link between trade liberalization and poverty are very country-specific and complex (McCulloch, Winters and Cirera, 2001), international trade can create balance of payment problems in poor developing countries (Thirwall, 2003). External trade does not guarantee growth and any impact on an economy is conditional on the initial economic structure and the prevailing policy and institutional environment (Sharma and Morrisey, 2006).

The 2004 least developed countries report by UNCTAD suggests that to make a significant inroad to poverty reduction and development, a country's real export growth rate should exceed 5% per annum. To achieve this growth rate, developing countries need to radically develop their export sectors, as they lack the capacity needed to produce competitive goods in terms of quality; price; quantity; and have limited knowledge and bargaining power within the rules-based trading regime (UNCTAD, 2004). The international market place has become increasingly turbulent at the same time as globalization has progressed, with the importance of international marketing opportunities and threats increasing (Albaum, Duerr and Strandskov, 2005). The challenge facing makers of export promotion policies is to devise more effective ways of improving the capability of export firms particularly in less performing developing countries whose exports are mostly dependent on commodities (Ibeh, 2003; Tesfom and Lutz, 2006).

1.2 THE ROLE OF EXPORT NETWORKS IN THE EXPORT TRADE

Across the world today, there is growing interest in policies promoting co-operation among firms, especially among SMEs. Co-operation is a required response to intensified global competition and joint action is seen as essential for responding successfully to major challenges in business involving developing countries (Rutashobya and Jaensson, 2004). Partnering through export networks is an alternative way for many resource-constrained SMEs to end their isolation

in the current highly competitive world trade and to become competitive in foreign markets (Ruzzier, Hisrich and Antoncic, 2006). Horizontal cooperation among SMEs contributes to collective efficiency, resulting in cooperation advantages usually derived either from economies of scale (in purchases, sales, investment in infrastructure, dealing with buyers, etc); the benefits of dissemination of information (on technology, on markets, etc) or the benefits of division of labor, which can best be reaped when transactions costs are low (Madhok, 1997; Berry, 2002).

Export networks could be seen as providing a competitive advantage to small firms, because of the possibility of resource sharing and learning among network members that could enable them minimize their size disadvantages (Berry, 2002). Export networking arrangements, whether in the form of export consortia, client-fellowship, entrepreneurial networks or international ethnic ties have been shown to mitigate, for the smaller firms, some of the size and experience-related difficulties associated with export venturing (Coviello and Munro, 1997; Wignaraja, 2003). Network links between interrelated firms are increasingly recognized as a key organizational growth resource, while networking activity facilitates knowledge transfer and learning which define the shape and trajectory of a firm's growth (Macpherson and Holt, 2007). Stanton and Burkink (2008) suggest that it is important to identify mechanisms that assist SMEs in their transition to becoming export market players. Based on the foregoing, the author submits that to overcome export trade impediments and further marginalization of SME exporters, there is the need for effective export networks in Ghana to offer SMEs the required trade support.

1.3 PURPOSE OF THE STUDY

This research aimed at highlighting the extent to which Export Associations (EAs) in Ghana support SME exporters to gain international competitiveness for enhanced export performance. The research evaluated EAs in Ghana in order to identify their challenges and to propose strategies for their effectiveness. Ghana's current economic development agenda is based on the "Ghana Shared Growth and Development Agenda" (GSGDA) (2010-2013), which contains comprehensive policies and strategies to address the growth and development challenges facing the country in the medium-to long-term (ISSER, 2010). Closely linked to this development agenda is Ghana's strive to attain a full-scale middle-income-country (MIC) status.The World Bank has classified economies into groups on per-capita basis as follows: low income, $1,005 or less; lower middle income, $1,006 - $3,975; upper middle income, $3,976 - $12,275; and high income, $12,276 or more (World Bank, 2011). The recent oil production in Ghana led analysts to revise upwards the country's gross domestic product (GDP). Consequently, on July 1, 2011 Ghana moved from low-income to lower middle-income status, with a GDP per capita of $1,283

(World Bank, 2011). The author argues that with a per capita of $1,283, Ghana is only at the fringes of a lower middle-income economy. To grow the economy and entrench as a fully-fledged middle-income country, Ghana's economy must grow faster than the average GDP growth rate of 6.0 percent (Ghana Statistical Service, 2011). Evidence from successful countries shows that the GDP growth rate required to achieve MIC status has been above 6 percent as recorded in Malaysia and Thailand to around 10 percent in China and Brazil (IFPRI, 2007). However, Ghana's GDP growth rate has only averaged 6.0 percent between 2004 to 2010 (GSS, 2011). Although the development paths needed to reach MIC status varied from country to country, accelerated growth, structural transformation, and export diversification were commonly observed in successful countries (Benin et al., 2008). At the time of their independence, Malaysia, Mauritius, Singapore, and South Korea were broadly at par with Ghana in per capita income terms. However, these countries have long since reached MIC status. For example, with $5,250 GNI per capita, Mauritius is an upper middle -income country. In contrast, despite its huge natural resources Ghana lags behind with a low per capita (World Bank, 2006).

The expected economic growth in Ghana can best be achieved through the export sector, as other sources of growth (budgetary support from development partners; increased savings; increased remittances; increased FDI) are unsustainable (GEPC, 2005; MOFEP, 2008). For Ghana to attain an entrenched MIC status, her exports will need to play an increasing role as an engine of growth, and export diversification will need to be promoted (World Bank, 2006). As a small open economy, Ghana must grow not only using its small domestic market but tapping the potential of unlimited global markets (ISSER, 2009).

Ghana's export sector is made up of traditional exports and non-traditional exports (NTEs). The Ghana import-export Act of 1995/Act 503 defines traditional exports as cocoa beans; logs and lumber; raw minerals eg. gold, bauxite, magnesium; and electricity, whilst NTE products include all other export products and services, such as fruits, vegetables (fresh and processed) and other food items, handicraft products, clothing and textiles, other manufactured items, and services. Currently, there are nearly 400 different NTE products in Ghana, categorized into agricultural, processed/semi processed and handicrafts (GEPC, 2005). Whilst traditional exports contribute nearly 75 percent to total export revenue, the NTE products contribute averagely 25 percent (GEPC, 2008).This research is inspired by the conviction that Ghana can establish its MIC status by growing her GDP through increased export earnings. Central to this assumption is the performance of its NTE sector and the extent to which EAs support and promote the NTE sector dominated by SME exporters.

1.4 THE PROBLEM STATEMENT

Ghana is a small open economy with exports accounting for approximately 30% of GDP in recent years. Her export trade sector is vital to the economy, as revenue projections and development plans are dependent on the expected earnings from exports (ISSER, 2009). Consequently, the government of Ghana continues to pursue an export-led economic development programme with a strategic focus on poverty reduction, employment generation and wealth creation (MOFEP, 2010).

Ghana's export sector portrays an overdependence of the sector on traditional exports (cocoa beans; logs and lumber; raw minerals eg. gold, bauxite, magnesium; and electricity). This is proved by the fact that whilst the traditional exports contribute nearly 75 percent to total export revenue, NTE products contribute only 25 percent (GEPC, 2008). This over-dependence of Ghana's export revenue on traditional exports exposes the vulnerability of her export earnings. As it were, any adverse occurrence within the traditional export sector has direct effect on the country's export earnings and the Ghanaian economy as a whole. For example, the World Bank observed that between 1998 and 2000 when cocoa prices dropped by almost 50 percent, real GDP growth slowed down by 20 percent (ISSER, 2009). Unfortunately, Ghana's traditional exports have reached a standstill owing to deteriorating terms of trade including price fluctuations and other growth limitations (GEPC, 2005; ITC, 2007). There is the need therefore, to cushion the economy against the volatility of earnings from the traditional sector. As there are limited possibilities and opportunities for further growth of the traditional sector, the burden of growing Ghana's exports to make a significant contribution to the country's economy lies with the NTE sector (GEPC, 2005).

Whilst the NTE sector carries such a heavy burden of growing Ghana's export earnings, over 90 percent of exporters in the sector are SMEs or individual exporters (GEPC, 2005) who usually have difficulty exporting to foreign markets. Majority of Ghanaian SME exporters lack the necessary export knowledge and financing, fail to meet foreign regulatory requirements, produce products in quantities or quality that are not adequate for foreign buyers. They earn narrow profit margins that impede expansion and investment in innovation, product improvement and participation in new market opportunities (Buatsi, 2003; Harvie, 2007; UNIDO, 2007). Consequently, Ghana's NTE sector has not performed as expected in spite of the overwhelming support the sector has received from government and other sources since the 1980s (Addo and Marshall, 2000; Kastener, 2005; Kyereboah-Coleman and Biekpe, 2006; Owusu Frimpong and

Mmieh, 2007). To support export development in developing countries, the International Monetary Fund (IMF) and the World Bank introduced economic curative strategies (Structural Adjustment Programme) in the early 1980s to developing countries including Ghana, which emphasized the building of an enabling environment for export development (ISSER, 2005). In response, the then Ghanaian government instituted the Economic Recovery Programme (ERP) in 1983, resulting in the adoption of an export-led growth strategy aimed at increasing export earnings through export diversification and expansion, with emphasis on non-traditional exports. The Financial Sector Adjustment Programmes (FINSAP I and FINSAP II) were also instituted by government to make the financial institutions more efficient and responsive to the needs of industry including exporters (World Bank, 1984). Over the years, Export Promotion Agencies (EPAs) including the Ghana Export Promotion Council (GEPC); the Federation of Associations of Ghanaian Exporters (FAGE); the Export Finance Company (EFC) and several multi-lateral organizations have variously supported the NTE sector to boost export performance. Notwithstanding these interventions, the NTE sector has not performed as expected, and since 2005, it has not achieved its annual targets (GEPC, 2010). For example, GEPC designed a three-year export growth strategy (2005 – 2007) for the NTE sector to earn a $1.2 billion export revenue by 2007, which was not achieved (GEPC, 2008).

In a bid to increase Ghana's export revenue, the Government of Ghana acting through the Ministry of Trade & Industry (MOTI) has set a five-year target (2010-2015) to achieve US$5 billion in NTE revenue by the end of 2015 (MOTI, 2011). The program is designed to achieve 31.15 percent NTE growth in 2012, and 35.24 percent growth in 2013. The author argues that considering the NTE's past performance, attaining a growth of 35 percent by year 2013 from a current 17 percent is a daunting task requiring a complete overhaul of the NTE sector, including revolutionalizing the role of EAs. EAs are voluntary product-based horizontal export networks formed by GEPC, with a mandate to support SME exporters in the NTE sector attain international competitiveness. However, there is anecdotal evidence that EAs are plagued with enormous problems and are therefore not effectively supporting SME exporters, resulting in SME exporters' loss of interest and commitment to the EAs. The author considers this situation very worrying, given the strategic importance of both SME exporters and EAs in the NTE sector.

With some notable exceptions, many SME export networks in developing countries are very small and informally organized and lack the human capacity, financial resources and know-how to provide a wider range of support services to SMEs (Wignaraja, 2003). Export groups were

targeted for support in East Asia resulting in improved export performance by small East Asian firms (Sharma and Morrissey, 2006). Ensuring Ghana's NTE sector becomes the real engine of export growth for moving the economy to MIC status requires dynamic EAs (ITC, 2007). Acting in a network context, SME exporters can penetrate and increase their share of foreign markets at reduced cost and risks, improve their profitability, achieve productivity gains and accumulate knowledge through various types of joint action (UNIDO, 2007). The author argues therefore, that it would be worthwhile investigating EAs in Ghana to identify their challenges and to offer suggestions for appropriate interventions.

O'Donnell et al., (2001) argue that in reviewing the existing research in the field of entrepreneurial networks, certain areas and issues remain relatively neglected. These are: the process of networking; the contents of network relations; the dynamic nature of networks; networks in practice and making network theory operational. Ghauri, Lutz and Tesfom (2003) similarly observe that horizontal and social networks have not received adequate attention in the literature, and where networks have been studied, it has in most cases been networks of the vertical type (relations between sellers and suppliers). Wilkinson et al., (1998) researched into 'Export Groups as Dance Parties and the implications for Network Development' using results from two in-depth Australian case studies. However, their qualitative methodology rendered the study less generalizable to substantive export networks. Berry, Rodriguez and Sandee (2001) studied 'Firm and Group Dynamics in the SME sector in Indonesia'. Whilst the study was limited to the SME manufacturing sector only, it focused on sub-contracting and clustering without considering the horizontal network perspective. O'Reilly and Haines (2004) compared two SME marketing networks designed to promote regional specialty food products using the case study approach. Whilst this study was revealing, the companies studied were from developed countries (France & Spain, and Italy) where conditions are different from developing countries. Hussein (2000); Ibeh (2003); Rutashobya (2003); and Harvie (2007) have highlighted the value of partnering in trade through networks among developing countries. Though they stressed on the importance of cooperation amongst small exporters, they did not investigate specific export networks to yield practical outcomes.

There has been considerable research on Ghana's export sector covering areas such as policy; strategy development; macro export analysis; export processing zones; governance; and internationalization of Ghanaian export firms (Addo and Marshall, 1999; Kastener, 2005; Ofei, 2005; Narteh, 2005; Kuada and Thomsen, 2005; Kyereboah-Coleman and Biekpe, 2006). Additionally, Buatsi (2002) reviewed the financing of NTEs in Ghana; Hinson (2005)

investigated Internet adoption amongst SMEs in the NTE sector; Owusu-Frimpong and Mmieh (2007) evaluated the perceptions and marketing practices of NTEs in Ghana, and Owusu-Frimpong (2008) analysed inter-firm relations amongst SMEs in Ghana. Furthermore, UNIDO conducted studies on the role of export consortia and export clusters (UNIDO, 2007). Though these cited works produced useful results and made significant contributions to the literature on SME exporters in Ghana, none of them focused on Export Associations. The Federation of Associations of Ghanaian Exporters (FAGE) commissioned a study in 2008 on export cooperatives and Product Associations in four geographical regions of Ghana. Though insightful, the study was limited in scope and lacked theoretical underpinnings. To date, the author is unaware of any thorough investigation of Export Associations in Ghana. The research gap was confirmed by the unavailability of salient information on Ghanaian Export Associations at GEPC, GETIC FAGE, EFC, MOTI and other export-related institutions. What was more, academic institutions such as the University of Ghana and other leading University libraries were bereft of information on Export Associations. Given the importance of the role of EAs in Ghana's export strategy, the author was motivated to provide information to fill this research gap. Chapter 5 details how this intention was achieved.

In the light of the preceding discussions, the following research question was posed:

To what extent are Export Associations in Ghana supporting SME Exporters to be competitive on the export market?

To answer the research question, the following research objectives were set:

1. To assess the types and levels of trade support Export Associations provide to SME exporters in Ghana.

2. To ascertain the key network challenges confronting Export Associations in Ghana.

3. To discover the types and levels of trust existing within Export Associations in Ghana.

4. To assess the impact of the Internet on the membership of Export Associations in Ghana.

5. To recommend strategies for improving the role of Export Associations in supporting SME Exporters in Ghana.

1.5 SIGNIFICANCE OF THE STUDY

The study provides insights into the role of Export Associations in the process of providing support to SME exporters. At the time of the study, very little researched data on EAs in Ghana was held by leading Export Promotion Agencies (EPAs) and Ghanaian Universities and institutions of higher learning. This study therefore provides key insights into the management and operational aspects of EAs. The outcome of this study would inform stakeholders with respect to effective strategies to adopt in an attempt to improve the NTE sector with the consequential improvement of Ghana's overall export sector leading to rapid socio-economic development.

Appeals have been made to make network theory operational and practical enough to help entrepreneurs position in networks or develop network strategies (O'Donnell, et al., 2001). The research was therefore designed to be practitioner-relevant (Thomas and Tymon, 1982) to prove valuable to EA managers and policy-makers. By highlighting factors contributing to effective EA performance, the study would hopefully educate EAs and challenge them to improve their performance to further improve their members' effectiveness. The research would also benefit SME exporters who are struggling to perform at the global marketplace by stressing networking opportunities available. Recommendations offered by this research would serve as a framework for export trade policy formulation and hopefully contribute to the search for practical ways of increasing export revenue for Ghana towards achieving socio-economic development.

1.6 DEFINITION OF KEY CONCEPTS

Export Association (EA) is the official name given to formal product-based export groups registered with GEPC and FAGE in Ghana. In this paper an 'Export Association' is a horizontal export network (Ghauri, Lutz and Tesfom, 2003) consisting of a group of SME exporters who produce the same export product and have come together to overcome common problems; share resources; achieve collective efficiency and conquer markets beyond their individual reach; build social relations; and achieve competitiveness. The category of Export Associations excludes non-export Product Associations, large non-traditional exporters and vertical networks of sub-contracting relationships. Export Associations are further differentiated from geographical or industrial clusters and informal export cooperatives. 'Associations' and 'Export Networks' have been occasionally used to refer to 'Export Associations'.

Export Association ***effectiveness*** is used in this research in the sense of Peter Drucker's definition: *'Effectiveness focuses on opportunities to produce revenue, create markets, and to change the economic characteristics of existing products and markets'* (Drucker, 1977 p.32).

Consequently, the author perceives effective EA as networks that can be relied on by SME exporters to overcome size-disadvantages as they internationalize (Rutashobya and Jaensson, 2004) overcome liability of smallness, liability of newness and liability of unconnectedness (Ghauri, Lutz and Tesfom, 2003) and enable small firms access to market information and knowledge (Forsgren, 2008). Furthermore, effective EAs provide adequate emotional support (Gimeno et al., 1997) and foreign-country support to members. Effective EAs provide members with social capital, possess dynamic capabilities and are entrepreneurial in orientation.

This study conceptualizes a ***Small and medium-sized enterprise (SME) exporter*** as an individual exporter or an export firm with less than thirty employees, run and controlled under the direct supervision of the owner. This definition is consistent with the description of a small exporter by GEPC. Additionally, the choice of an employment criterion is motivated by the fact that employment figures are frequently used for sample selection (Wiklund, 1998) rendering the results of the study comparable with others. The term 'SME exporters' is preferred to 'Non-traditional exporters' in this study because there are large scale 'Non-traditional exporters' in Ghana's NTE sector which are excluded from this study. The terms "Small Exporters" and "Export Association members" are occasionally used to refer to "SME exporters",

Appropriation of ***resource-support*** by SME exporters is central to the survival and growth of resource-constrained SME exporters and constitutes a key element in this research. SME exporters may be particularly susceptible to export barriers, as resource constraints and organizational limitations increase their vulnerability. Small size, can often act as a significant disadvantage for smaller and younger firms, for example in terms of lack of purchasing power, in the acquisition of resource inputs or of economies of scale in production (Tesfom and Lutz, 2006; Harvie, 2007). Thus SMEs have to find alternative sources or develop core competencies to compensate for their size disadvantage. Resource support is defined in the context of this study as the provision of trade capacity ensuring the ability to perform functions, solve problems, and set and achieve objectives (Fukuda-Parr, Carlos and Khalid, 2002). Resource-support means all forms of help in any shape or form provided to SME exporters due to their small-size constraint or to Export Associations for the benefit of SME exporters. Resource support includes trade support, informational, financial, logistical, technical, emotional, organizational, advocacy and advisory services.

Participation is conceptualized in this study as a demonstration of SME exporters' interest and commitment to EAs. Evidence of SME exporters' participation in EAs considered by GEPC and

adopted for this study include: attending Association meetings and Association programmes; abiding by Association decisions; adhering to Associations' policies and procedures; willful payment of membership dues; promoting the Association to other exporters; offering resources to benefit the Association and Association members; defending the Association in external circles; volunteering trade information to the Association and providing positive suggestions for improvement of EAs.

Export Promotion Agencies (EPAs) are public or private sector organizations established to promote the export business, by providing either free or paid-for specialised export services (ITC, 2007). Though there are various EPAs in Ghana, EPAs in this study refer to export trade support organizations such as GEPC, FAGE, GETIC and the Export Finance Company (EFC) with a direct focus on the NTE sector.

1.7 THESIS STRUCTURE

The chapter summaries presented below describe the progression and development of the thesis. In addition to this introductory chapter, the thesis consists of six chapters outlined as follows:

Chapter 2: The Economy of Ghana and the Export Trade Environment

Chapter 2 provides the contextual background for the study, and is divided into two broad sections. The first section commences with a description of the Ghanaian economy which provides the key internal context for the study and discusses Ghana's export sector, focusing on the performance and developments in the NTE sector. The second section of chapter 2 which provides the external context for the research, reviews the current export trade environment and identifies key opportunities and challenges confronting SME exporters. The roles of selected global trade institutions are described and finally key export markets for NTEs are presented.

Chapter 3: Literature Review on Factors Influencing the Role of SME Export Networks

This chapter reviews the literature by discussing themes, theories, concepts and strands of ideas to provide a conceptual background to the study and to structure the research. It traces relevant current intellectual debates on the subject and focuses on the entrepreneurial literature.

Chapter 4: Framework and Hypotheses

This chapter discusses the conceptual framework developed to underpin the study and presents a set of hypotheses which accompany the framework. Based on the multi-model approach, the conceptual framework has been designed by synthesizing four key concepts namely: AAR

bonds; Dynamic Capabilities; Entrepreneurial Orientation and Trust. A set of hypotheses to anchor the conceptual framework are next formulated and tested during the research.

Chapter 5: Research Design and Methodology

Chapter 5 provides the philosophical and technical foundation for the thesis and explains how a strategy has been devised to undertake the investigation of the research problem and for data collection. The chapter sets out the philosophical arguments which underpin the qualitative and quantitative paradigms, paving the way for the mixed-methods approach adopted for the study. The chapter further describes the methods to be employed to ensure reliability, validity and ethical research, whilst providing justification for all approaches and techniques employed. Methods of qualitative and quantitative analyses are fully discussed and justified. The chapter ends with a discussion of practitioner relevance of the research.

Chapter 6: Research Findings and Analyses

Chapter 6 incorporates the findings and analyses of the research. It displays data in appropriate forms to effectively convey the data collected for a meaningful analysis. The results are discussed in terms of the qualitative and quantitative methodologies employed and of the key contextual factors that formed the basis of the investigation. Data analyses have been conducted and reported in two ways. The first section has reported and analyzed qualitative findings. Apart from presenting findings on semi-structured and in-depth interviews conducted with EAs and EPAs respectively, the section reports on a comparative study of a high-performing and poor-performing EA using the AAR model. The first section concludes with an analysis of the roles of selected EPAs. The second section of Chapter 6 analyzes the quantitative findings of the research using descriptive and inferential analyses. The section also compares quantitative findings from the agriculture, handicraft and processed/semi-processed sub-sectors. Concurrently, the research results are discussed in the light of existing theories and past research.

Chapter 7: Conclusions and Recommendations

Presented in ten sections, chapter 7 unfolds by presenting the revised conceptual framework and comparing qualitative data and quantitative data, prior to recapping the research strategy. Factual, interpretive and conceptual conclusions are next presented, followed by a statement of the study's contribution to knowledge. The author's reflections, a critique of the research and suggestions for future research are next presented. The chapter finally closes by making recommendations to EAs, EPAs, SMEs and the Ghana government.

CHAPTER SUMMARY

This initial chapter has established the broad context for the research. It commenced with a brief review of the importance of export trade to developing countries and the involvement of resource-constrained SMEs in order to problematize the investigation. Next, the purpose of the research, the research problem, the existing research gap, the research question and the research objectives were outlined. Key concepts used in the research were defined, and finally, the structure of the research was outlined. The next chapter, chapter 2, provides the contextual background to the study.

CHAPTER 2

GHANA'S ECONOMY & THE EXTERNAL TRADE ENVIRONMENT

CHAPTER INTRODUCTION

The previous chapter set the stage for the research by an introductory discussion of the export trade, its link to economic development and the role of export networks. The chapter outlined the purpose of the study; the research problem; the existing research gap, the research question and the research objectives. This chapter presents the contextual background to the study in two broad sections. The first section presents the internal context of the study which describes Ghana's economy and her export sector, focusing on developments in the NTE sector. The second section of the chapter presents the external context of the research which reviews the current export trade environment and the key opportunities and challenges it presents to small exporters. The roles of selected global trade institutions are described and finally, some key export markets for NTE products are presented.

2.1 THE INTERNAL CONTEXT – GHANA'S ECONOMY

2.1.1 Introduction

Ghana is located in the western part of Africa between French-speaking La Côte d'Ivoire, Burkina Faso and Togo in the west, north and east respectively and bordered in the south by the gulf of Guinea. With an estimated population of nearly 24 million of which 70 percent live in rural areas, Ghana covers an area of 238,537 square kilometres with a population density standing at 88/sq. km. (247/sq. mi.) and a population growth rate of 1.9 percent as at 2009 (GSS, 2011). Ghana in 1957 became the first sub-Saharan country in colonial Africa to gain its independence from British colonial rule. The country has enjoyed a stable democracy since 1992, and is considered a regional model for political and economic reform (World Bank, 2009). The National Democratic Congress (NDC) led by President John Attah-Mills which won power at the 2008 elections is currently the ruling government.

2.1.2 Structure and Characteristics of Ghana's Economy

The economies of most developing countries were integrated into the international trade system during European colonization, with export of primary products and import of manufactures constituting significant development activities of colonial territories (Addo & Marshall, 2000). The Ghanaian economy, like most post-independence economies, has not significantly changed from her colonial orientation. Agriculture remains the mainstay of the economy, accounting for

about 36 percent of GDP, and 60 percent of employment of mainly small landholders (ISSER, 2009). Table 2.1 shows sectoral contributions to national output from 2000 to 2008, reflecting the historical dominance of the Agricultural sector.

Table 2.1 Sectoral Contributions to National Output (Percentages) from 2001 - 2008

Year	2001	2002	2003	2004	2005	2006	2007	2008	Average
Agriculture (%)	35.9	35.8	36.1	36.7	37.0	35.8	34.7	33.6	35.7
Industry (%)	24.6	24.8	25.2	24.7	24.7	25.4	26.1	25.8	25.2
Services (%)	29.9	30.0	29.8	29.5	29.4	30.0	30.5	31.8	30.1
Others (%)	9.6	9.4	8.9	8.7	8.9	8.8	8.7	8.7	8.9

Source: Ghana Statistical Service (2009)

From table 2.1, it could be observed that though the service sector has been consistently growing, the agricultural sector has dominated Ghana's economy with an average contribution of 35.7 percent between 2000 and 2008, whilst industry and services sectors contributed 28.2 and 30.1 percent respectively. This scenario demonstrates Ghana's overdependence on the agricultural sector and the need for the economy to diversify. Despite recent economic expansion, the structure of the Ghanaian economy is still constrained by low-productivity farming practices, poor infrastructure, land tenure uncertainties, and uncertain access to inputs. Traditional exports – cocoa, gold and other natural resources still account for almost half of GDP whilst the industrial sector remains relatively small and dominated by firms with low productivity (World Bank, 2009). Foreign direct investment is relatively low for an economy of Ghana's potential (ISSER, 2009) with SMEs forming a major part of all establishments in the country, constituting almost 90 percent of all enterprises and generating about 60 percent of employment in the country (MOTI, 2010). SMEs' contribution have been identified as the catalyst for the economic growth of the country and regarded as pivots in the nation's economic transformation (UNIDO, 2004).

2.1.3 Economic Resources

Ghana is the world's second-largest producer of cocoa after Cote d'Ivoire producing an annual output of 700,000 metric tons which typically provides about one-third of all export revenues (IMF, 2010; ICCO, 2011). Ghana is rich in natural resources, including gold, diamond, manganese ore and bauxite. With higher commodity prices, gold and cocoa are the top two export revenue earning sectors for Ghana (World Bank, 2009) and with an annual production of

about 45 tons of gold, Ghana has become the second largest gold producer in Africa after South Africa (IMF, 2009). Timber and marine resources are important but declining resources. Leading agriculture products include cocoa, wood manufactures, pineapples, cashews, spices, other food crops and rubber. 70 percent of Ghana's land is arable and forested. Ghana's Volta lake, the largest man-made lake in the world, generates electricity, provides inland transportation, and is a potentially valuable resource for irrigation and fish farming (ISSER, 2009). The industrial sector is more developed than in many other African countries, yet agriculture is the key economic pillar. A major oil discovery off the coast of Ghana in 2007 led to significant international commercial interest in Ghana and within 5 years, Ghana is likely to be the third-largest producer of oil in West Africa (MOFEP, 2009). The year 2011 marked the beginning of Ghana's oil and gas production in commercial quantities. A major challenge is how the oil revenues will be used to transform the economy and accelerate growth without sacrificing macro-economic stability and accentuating income inequalities (ISSER, 2009).

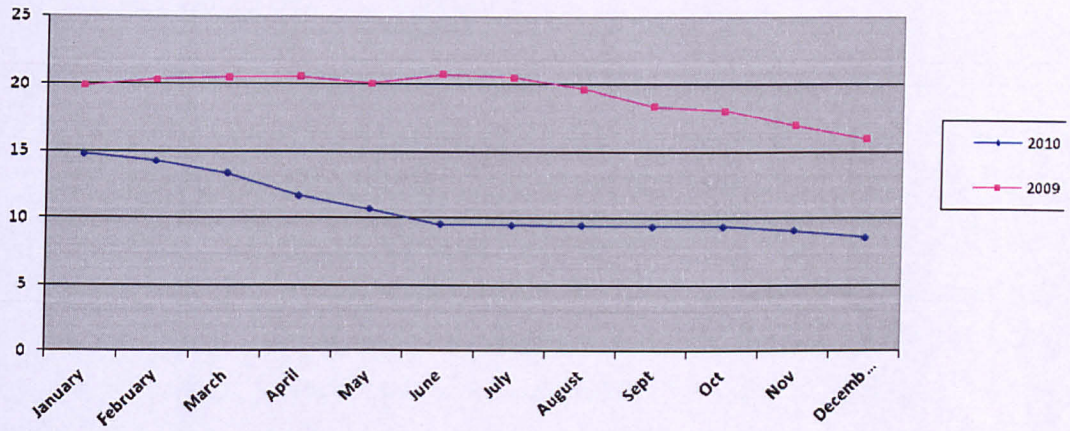
2.1.4 Economic Performance

Since 2005, Ghana's economy has been described by official sources as robust, despite the fuel price shock and the effects of the global financial crises (ISSER, 2010). According to the Ghana Budget Statement and Economic Policy (2011), the economy of Ghana showed strong resilience and stability, as indicated by all the key macroeconomic indicators: (i) Ghana's GDP as at 2009 was $15.51 billion, with per capita GDP at $671. Her GDP growth was 4.1 percent in 2009 compared to the sub-Saharan Africa growth of 2.0 percent; (ii)The fiscal deficit reduced significantly from 14.5 percent of GDP on cash basis at the end of 2008 to 9.7 percent of GDP in 2009 (iii) Inflation trended downwards in sixteen (16) consecutive months from 20.74 percent at the end June 2009 to reach 9.38 percent in October 2010, the lowest in the last two decades; (iv) Gross international reserves of US$3,973.0 million at the end of October 2010 exceeded three months of import cover compared with reserves of US$2,036.2 million at end December 2008 which could barely cover two months of import; and (v) The Cedi strengthened and appreciated by 0.1 percent, 2.2 percent and 5.4 percent against the US dollar, the pound sterling and the euro respectively (MOFEP, 2011).

Exchange rates represent a link between one country and its partners in the global trade and affect the relative price of goods being traded such as exports and imports. The more stable exchange rates are the more stable the cost of production becomes and the more exporters are able to plan and execute their plans to achieve required results. The average rate of the Ghana Cedi against the US dollar in 2010 was 1.439/US$ compared to 1.419/US$ in 2009. This relative stability of the currency against the US$ dollar was a favorable factor for exporters in

2010 (GEPC, 2010). The decline in interest rate in 2010 down to 27.63 percent was a favorable condition for increased production and for exports as the cost of capital became cheaper. The Monetary Policy Committee (MPC) of the Bank of Ghana in February 2010 reduced its policy rate by a cumulative 450 basis points to 13.5percent between February and July 2010. The reduction was aimed at bringing down the cost of borrowing in the country which leads to a lower cost of production of goods for export. The average lending rate within the period went down by 4.92percent to 27.63percent. Even though the lending rate as argued by those in industry as still high, it is a positive sign compared to the 2009 rate (GEPC, 2010). Inflation has the tendency of increasing the cost of exports which could cause a decrease in demand. High inflation erodes international competitiveness. Lower inflation rates lower prices which increases demand. Figure 2.1 shows inflationary trends in 2009 compared to 2010.

Figure 2.1: Inflationary Trends in Ghana in 2009 and 2010



Source: Ghana Export Promotion Council (2011)

The graph reveals lower inflationary rates in 2010 compared to 2009. Inflation declined from 14.78 in January 2010 to 8.58 in December 2010. Averagely the rate of inflation declined by 44 percent from an average rate of 19.30 in 2009 to 10.79 in 2010. This meant lower production cost for exporters in Ghana which was an impetus for competitive pricing of Ghanaian exports.

2.1.5 Economic Growth Trends

Since 2002, Ghana's economy has experienced growth rates averaging 5.5 percent per annum, compared to less than 5 percent for the half-decade before. It is expected this trend would continue, with the recent discovery and production of oil in Ghana (ISSER, 2009). Table 2.2 shows trends in target and actual GDP between 2004 and 2010.

Table 2.2 Trends in Target and Real GDP Growth Rates (Percentage) 2004 – 2010.

Year	2004	2005	2006	2007	2008	2009	2010	Average
Target GDP growth rate	5.8	5.8	6	6.5	7.0	5.9	6.5	6.2
Real GDP growth rate	5.8	5.8	6.2	6.3	7.3	4.1	6.6	6.0

Source: Ghana Statistical Service (2011)

In 2008, the reported growth rate was 0.3 percentage points above the targeted rate of 7.0 percent. Although this growth appeared remarkable, it reflected a general increase in government consumption spending and investment (ISSER, 2009). It could be observed from table 2.2 that the economy of Ghana has grown slowly over the years, except for 2009 due to the global financial crises. Between 2004 and 2010, Ghana's GDP growth rate averaged 6.0 percent, compared to a targeted rate of 6.2 percent. For Ghana to attain a fully-fledged and entrenched Middle-Income-Country status, the author argues that the Ghanaian economy should grow faster than 6 percent as evidence from successful countries shows that the GDP growth rate required to achieve MIC status has been above 6 percent towards 10 percent (IFPRI, 2007).The author further argues that an improved GDP growth for Ghana could be achieved more sustainably by a reinvigorated export sector masterminded by the NTE sector, as other approaches to growing the economy (budgetary support from development partners; increased savings; increased remittances; increased FDI) are not sustainable or very challenging to achieve (GEPC 2005; MOFEP, 2008).

2.1.6 Economic Policy

The government of Ghana continues to pursue an export-led economic development programme with strategic focus on poverty reduction, employment generation and wealth creation (MOFEP, 2009). The country's current economic development agenda is based on the "Ghana Shared Growth and Development Agenda" (GSGDA) (2010-2013), which contains comprehensive policies and strategies to address the growth and development challenges facing the country in the medium-to long-term. Under the GSGDA, economic growth and investment in the medium term will focus on accelerated agricultural modernization; enhancing the competitiveness of the private sector; developing critical infrastructure, energy and human settlements; developing the oil and gas industry; sustaining natural resource management; increasing human resource development, productivity and employment; and fostering

transparent and accountable governance (ISSER, 2011). The GSGDA expects that the implementation of these policy interventions will support the economy to grow at a rate of 9.3 percent in 2012, and 8.3 percent in 2013, taking into account the higher growth potential of the oil and gas sector. The agricultural sector is expected to grow at an annual average rate of 6.1 percent in the medium term and the services sector, by 8.7 percent. The industrial sector is projected to grow at 25.4 percent on account of the oil and gas-related infrastructure and increased activities in construction, mining and energy sectors (MOFEP, 2009). In terms of economic outlook, the Ghanaian economy is expected to grow significantly in the coming years with oil and gas coming on stream (World Bank, 2010).

2.2 THE INTERNAL CONTEXT - GHANA'S EXPORT TRADE SECTOR

2.2.1 Export Trade Policy Framework

The fundamental principle underlying Ghana's trade policy is that the private sector is the engine of growth, with Government providing a trade - enabling environment to actively stimulate private sector initiatives (MOTI, 2005). Ghana is a firm believer in the tenets of the multilateral trading system, and hence joined the General Agreement on Tariffs and Trade (GATT) in October 1957 after attaining independence in March 1957, and became a founding member of the World Trade Organization (WTO) in 1995. However, because of supply-side constraints Ghana has not been able to substantially take advantage of the market access opportunities offered by the multilateral trading system (WTO, 2007). Ghana's trade policy objectives since 2004 have been, among other things, to become increasingly involved in regional and global markets, diversify and strengthen the country's export base and promote agricultural processing. The government's external sector policy has been focused mainly on building - up international reserves to levels that can sufficiently cushion the economy against external shocks (MOTI, 2010). Ghana's trade policy will continue to aim at enhancing international competitiveness and securing market access. The country envisages a trade-led industrialization and diversification of the export base through the export of oil and gas, selected niche products such as pineapples, mangoes, shea butter, and palm oil, and also to forge strategic trade partnerships. Ghana will continue to focus its attention on the non-oil sector of the economy, particularly agriculture, small, medium and micro enterprises, mining and manufacturing sectors, which, hitherto, have been the backbone of the economy (MOFEP, 2011). Ghana's multilateral trade policy states that the government will continue to participate fully in the fora of multilateral, regional and bilateral trade negotiations (MOTI, 2010).

2.2.2 Export Diversification Strategy

Market liberalization, export diversification and export-oriented industrialization strategies have become a primary concern of developing countries as a means of keeping up with the shifting international trade environment (World Bank, 2006). Since its independence in 1957, Ghana has depended on traditional exports (cocoa beans, logs and lumber, unprocessed gold and other minerals and electricity) as the major source of export revenue. The need for Ghana to diversify her economy became more pertinent in the 1970s when she experienced declines in volumes of traditional exports due mainly to domestic constraints and economic mismanagement. Successive Ghanaian governments until 1983 did not place much emphasis on export diversification in economic development (Addo and Marshall, 2000). Ghana's economy had persistently suffered from balance of trade deficits and had been supported by donor inflows for developmental expenditure. The persistence of trade deficit led to the evolution of the export diversification policy in the 1980's which sought to expand the contribution of NTEs to the total merchandise exports of Ghana, as the most sustainable means of expanding overall export earnings and reducing the trade deficit (GEPC, 2007). The Economic Recovery Programme (ERP) instituted by the Ghanaian government in 1983 led to the adoption of an export-led growth strategy aimed at increasing export earnings through export diversification and expansion, with emphasis placed on the NTEs (MOFEP, 1986). The economic rationale for the development of NTEs was to reduce the adverse impact of deteriorating terms of trade for traditional exports, to increase export earnings and to provide additional impetus for economic development (Addo and Marshall, 1999). Since then, successive Ghanaian governments have been pursuing an export-led growth agenda over the years with emphasis on macro-economic stability as a prerequisite for economic growth.

2.2.3 Composition and Performance of the Export Sector

As stated in chapter 1, Ghana's export sector consists of two broad-based categories namely, the Traditional export sector defined by the import-export Act of 1995/Act 503 as cocoa beans; logs and lumber; raw minerals e.g. gold, bauxite, magnesium; and electricity, and the NTE sector, consisting of all other export products including services. Currently, there are nearly 400 different non-traditional products in Ghana, categorized into three sub-sectors: Agricultural, Processed/Semi Processed and Handicrafts (GEPC, 2009). Ghana's merchandise export earnings by sector and the percentage contributions of the Cocoa, Minerals, Timber and NTE products between 2005 and 2010 are illustrated in Table 2.3.

Table 2.3: Merchandise Export Earnings by sector, 2005 -2010

Gross Exports (US$ Millions)	2005	2006	2007	2008	2009	2010
Cocoa	908.4	1187.4	975.7	1487.0	1866.0	2285.2
% Contribution	32.8%	35.0%	23.3%	28.5%	44.7%	39.2%
Minerals	875.71	1128.72	1805.51	2061.81	913.32	1718.3
% Contribution	31.6%	33.0%	43.0%	39.6%	21.9%	29.5%
Timber	206.7	206.7	249.0	316.18	179.8	189.5
% Contribution	7.5%	6.0%	6.0%	6.1%	4.3%	3.3%
NTE Exports	777.59	892.88	1164.51	1340.94	1215.04	1629.20
% Contribution	28.1%	26.1%	27.7%	25.7%	29.1%	28.0%
Total Exports	2768.40	3415.70	4194.72	5206.55	4174.16	5822.23

Source: Ghana Statistical Service (2011)

From table 2.3, it could be observed that cocoa, minerals and timber (traditional exports) have averagely contributed 40 percent; 33.1 percent and 5.5 percent respectively to total national exports earnings between 2005 and 2010. However, the NTE sector has only contributed an average of 27.4 for the same period, indicating Ghana's overdependence on traditional exports and the vulnerability of the country's export earnings.

Table 2.4 juxtaposes Ghana's Traditional and the Non-Traditional export sectors. The table reveals that for the period 2008 to 2010, whilst the traditional sector grew at 8.5 percent, the NTE sector grew at a faster rate of 21.5 percent. This confirms GEPC and ITC's position that Ghana's traditional export sector has come to a standstill, whilst there exists growth opportunities within the NTE sector (GEPC, 2005; ITC, 2007). The burden of growing Ghana's overall export sector therefore lies with the NTE sector given its higher growth potential. Table 2.4 further reaffirms Ghana's over-dependence on the traditional sector as illustrated in table 2.3. It shows that whilst in 2008; 2009 and 2010 the traditional sector contributed 74.25 percent; 70.89 percent and 72.02 percent respectively to total exports, for the same years, the NTE sector contributed only 25.75 percent; 29.11 percent and 27.98 percent respectively to total exports. Table 2.4 further illustrates the dominance of the NTE sector by SME firms (Individual exporters and small firms) who constitute some 90% of exporters, whilst large established NTE exporters constitute only 10% of the NTE sector. Granted the resource and size limitations of SMEs in general, the enormity of the challenges facing the SME-dominated NTE sector could be appreciated.

Table 2.4: An Illustration of Ghana's Export Sector

Total Export Sector

Value of total national exports in 2010 = US$5,822.23 billion

Sub-Sectors within the Export Sector

	Traditional Sector			**Non-Traditional Sector**		
Products	Cocoa Beans, Gold & Minerals, Timber logs & Lumber, Electricity.			All other products (nearly 400) & services		
Sub-sectors	(i) Agricultural (ii) Industrial			(i) Agricultural (ii) Handicraft (iii) Processed/Semi-processed (iv) Services		
Firm Composition	100% = Large Scale State & Private Exporters			90% = SME Exporters 10%= Large Exporters		
Key Feature	Has reached a turning point due to adverse terms of trade and supply limitations			Numerous export opportunities across the world due to globalisation. Further growth of Ghana's export sector lies on this sector		
Trade Groups	International Alliances eg. ICCO, ITTA			Export Associations, Product Associations Informal export groups, Cooperative Societies, Out-growers, Informal Industrial and Geographical clusters		
Contribution to Total Exports	2008	2009	2010	2008	2009	2010
USD '000	3,865.61	2,959.12	4,193.03	1,340.94	1,215.04	1,629.20
Percent	74.25	70.89	72.02	25.75	29.11	27.98
Growth Rate	2008 – 2010 = 8.5%			2008 – 2010 = 21.5%		

Sub-sectors within the Non-Traditional Export Sector

Sub-sector	Agricultural	Handicraft	Processed/ Semi-Proc
Top five export products in 2010	1.Frozen or Chilled Tunas 2. Cashew Nuts 3. Medicinal Plants/ Parts 4. Banana 5. Shea Nuts (karate nuts)	1. Statuettes 2. Basket ware 3.Traditional Musical equips 4.Ceramics 5. Hides and Skins	1. Cocoa Paste 2. Cocoa Butter 3. Canned Tuna 4. Articles of Plastics 5. Veneers

Source: A 2011compilation from Ghana Export Promotion Council by the author.

2.3 THE INTERNAL CONTEXT - GHANA's NON-TRADITIONAL EXPORT SECTOR

2.3.1 Key Institutions and Players in the Non-Traditional Export Sector

There are several public, private-sector and non-governmental organizations working to promote non-traditional exports in Ghana. Some key players in the NTE sector relevant to this research are briefly described below.

(a) Ministry of Trade & Industry

The Ministry of Trade and Industry (MOTI) is the lead advisor to government on trade, industrial and private sector development, with responsibility for the formulation and implementation of policies for the promotion, growth and development of domestic and international trade and industry. MOTI's vision is to develop a vibrant, technology-driven, liberalized and competitive trade and industrial sector that significantly contributes to economic growth and employment creation, particularly involving mass mobilization of rural communities and other vulnerable groups including women. MOTI is the advocate for the private sector within government. It ensures that Ghana derives maximum benefit from international trade relations and that domestic trade is conducted in a smooth and orderly manner. Furthermore, it is the responsibility of MOTI to strengthen trade relations with all friendly countries on a most-favoured nation basis consistent with Ghana's membership of the WTO (MOTI, 2011).

(b) Ghana Export Promotion Council

The Ghana Export Promotion Council (GEPC) was established by NLCD 369 in 1969 as an agency of MOTI with the mandate to develop and promote Ghanaian exports. The vision of GEPC is to become a dynamic world-class trade promotion organization playing a leading role in developing a dominant and sustained market position for Ghanaian NTEs. GEPC's mission is to build internal systems and strategic external networks to develop Ghana's NTEs throughout the value chain and promote made-in-Ghana goods and services in strategic markets. Its focus has primarily been to diversify Ghana's export base from the traditional export products. To this end, GEPC has set up specific goals and objectives as follows: (i) To ensure that export trade contributes to economic growth through increased and sustainable production and competitive export market access; (ii) To facilitate the development and expansion of the production base, and the promotion of NTEs from Ghana; (iii) To provide relevant trade information to support competitiveness of Ghanaian exporters and other stakeholders; (iv) To develop programmes and activities for institutional capacity building of export community to meet the challenges of the

global market; (v) To develop a coordinated national export agenda through the harmonization of export related activities by private and public sector agencies and other development partners.

GEPC has a clientele base of over 3000 registered individual and export firms organised into Export and Product Associations. Of these mass exporters, majority are individual exporters, and less than a thousand are active exporters (GEPC, 2010). Since its establishment, the GEPC has undertaken a number of restructuring programmes to motivate and mobilize private sector initiative in the export sector. GEPC acts as a coordinating pivot for the various public sector and non-governmental bodies involved in trade facilitation, carrying out advocacy services for bodies involved in exports. GEPC organizes market/trade missions, export fora, contact promotion programmes, trade fairs and exhibitions, buyer/seller meetings and conferences and group-marketing schemes with the aim of penetrating the competitive international market. GEPC works to improve supply-side constraints of SME exporters through the organization of contract production/supply schemes, establishment of export production village schemes, technical advisory services to facilitate product and market development as well as supply chain management. GEPC is involved in trade capacity development through training of exporters and personnel of export facilitating institutions to upgrade their skill in export marketing. GEPC runs an export school that organizes product, market and specialized trade development courses for export companies, trade facilitating agencies and businesses. GEPC works with the GCNet and Customs, Excise & Preventive Service (CEPS) to improve documentation and data collection on NTEs (GEPC, 2011).

(c) Federation of Associations of Ghanaian Exporters

The Federation of Associations of Ghanaian Exporters (FAGE) was formed in April 1992, to respond to the long-felt need for a unified, strong and credible organization to serve as an advocate of the private sector in exports. The Federation, which is registered as a company limited by guarantee under the Companies Code of Ghana, (Act 179, 1963) operates as a not-for-profit organization. The establishment of FAGE resulted from the efforts of several export and product associations with the assistance the United States Agency for International Development (USAID), the government of Ghana, MOFEP, MOTI, and GEPC.

The vision of FAGE is to create partnerships for export growth in Ghana and its mission is to promote NTEs through advocacy, capacity building, product and market development services, facilitation of access to finance and export development. The primary goal of FAGE is to be the premier provider of technical and information services to facilitate transactions between Ghanaian firms and their global partners. FAGE membership comprises of over 2,500 exporting

firms in a range of sectors, including agriculture, seafood, crafts, timber, textiles, minerals, and industrial materials. FAGE's mandate is to support the growth of the private sector in NTEs through the provision of a portfolio of business solutions which are currently focused in four principal areas: advocacy; market and trade information, training and integrated export development programmes (FAGE, 2010).

(d) Ghana Export Trade Information Centre

The Ghana Export Trade Information Centre (GETIC) was established in November 2005 as an extension of GEPC to provide trade information and referral services to the business community, particularly, the exporter community. GETIC provides tools for the business community to access and use trade information to make strategic decisions. The tools include an interactive website for business information and communication with clients and a strategically-located venue equipped with internet-connected computers for clients. It has also become an ideal location for trade conferences and workshops. Since its establishment, GETIC supports an average of four hundred and fifty three (453) clients including exporters and institutions every month with information on markets, trends, prices and other referral services to assist them in their businesses. The GETIC centre houses the Ghana Export Trade Information System, which comprises an on-line export trade information network incorporated in the Export Ghana interactive website. Information available at this website includes: How to prepare for export business; Export market analysis tools; Trade maps; Product and market access maps; Information on GEPC and services provided to Ghanaian companies, foreign buyers, and clients; a directory of Ghanaian exporters; and general news on current export trends (GEPC, 2011).

(e) Export Finance Company

In 1990, MOTI and the Bank of Ghana, established the Export Finance Company (EFC), to institute and streamline a comprehensive export-financing scheme for exporters in Ghana. EFC's objectives are: (i) To grant loans and/or provide other forms of credit to exporters (ii) To carry out business as a finance house and to issue and deal in commercial paper (iii) To raise loans for the purpose of financing exports.(iv) To offer and accept guarantees in respect of export finance.(v) To carry out all functions and duties incidental or ancillary to the production of export commodities and export of non-traditional commodities. The company is currently operating the following financing schemes: pre and post-shipment credit scheme; working capital finance; project finance; and export advisory services. To qualify for a facility from EFC, an exporter must meet the following conditions: Should have registered company under the companies code of Ghana; registered as an exporter with the GEPC; be able to show proof of a

confirmed export order from a buyer overseas; the commodity or item for export should fall under the current classification of non-traditional exports; and should demonstrate some experience in commodity areas (EFC, 2011).

(f) Export Development and Investment Fund

The Export Development and Investment Fund (EDIF) was established by Act 582 of 4th October 2000 to provide financial resources for the development and promotion of Ghana's export trade. The mission of EDIF is to finance the development and promotion of Ghana's NTEs on concessionary terms, that promote the growth and prosperity of export firms, improve export competitiveness and enable the export sector to contribute towards the economic growth and development of Ghana (EDIF, 2008). The fund has two main facilities which can be accessed by applicants for funding namely the Export Development and Promotion facility (EDPF) and the Credit Facility (CF). Activities financed under the EDIF include: product development and promotion, capacity building, market research and development of infrastructure, export trade-oriented activities of institutions. A major attraction of the EDIF facility is the low interest rate on its loans. Eligible applicants include institutions, organizations, product and trade associations in both the private and public sectors providing services to the export sector. The EDIF's main source of funding is a statutory 0.5 per cent fee on all non-petroleum imports. The EDIF Credit Facility operates with 18 designated financial institutions (DFIs). The DFIs receive loan applications from prospective borrowers and submit them, together with their appraisal and recommendation, to the EDIF Board. The main products financed under EDIF's credit facility are shea butter, cocoa powder, canned tuna, vegetable oil, and handicrafts (EDIF, 2008).

(g) Export Associations

Export Associations were set up in the early 1990s by the Government of Ghana through GEPC to promote the interests of SME exporters and to achieve the following objectives: (i) Play an advocacy role for small exporters (ii) Consolidate/aggregate products for export (iii) Attend to the needs of small exporters (iv) Create a platform for small exporters to meet to discuss issues of interest (v) Increase exporters contribution to discussion on export trade and (vi) Work together with GEPC to find markets for their members (GEPC, 2001). FAGE was later set up with the assistance of GEPC, as the umbrella body to superintend the activities of EAs. Examples of EAs in the agricultural sector are: Vegetable Producers & Exporters Association of Ghana (VEPEAG); Sea-Freight Pineapple Exporters of Ghana (SPEG); Horticulturist's Association of Ghana (HAG). Within the handicraft sector, some of the EAs are: National

Association of Handicraft Exporters (NAHE); Ghana Association of Fashion Designers and Exporters (GAFDEX); ATAG Craft Network Association of Ghana (ACNAG). Examples of EAs within the processing sector are: Furniture & Wood Products Association of Ghana (FAWAG); Botanical Product Association of Ghana (BOTPAG) and Continental Association of Salt Exporters (CASE). Export Associations have their own individual goals and objectives relevant to their specific industry or markets. Within the agricultural sector for example, the Vegetable Exporters and Producers Association of Ghana (VEPAG) has the following objectives: (i) to promote vegetable production for the local and international markets (ii) to mobilise resources for the production and export of vegetables (iii) to ensure product quality to meet international standards (iv) to encourage processing as a means of adding value to products (v) to identify markets for members and provide them with up-to-date market information (vi) to serve as a linkage between policy makers and the vegetable industry (VEPAG, 2004).

The average EA membership size is 30. However, membership could range between 20 to 150 depending on how well-organized the EA is and the extent of members' interest and confidence in Association leaders. EAs are supposed to meet monthly or bi-monthly to plan, coordinate and execute their objectives. Each EA is represented on the Executive Council of FAGE and therefore has a say in what FAGE does for the Associations (GEPC, 2010). However, as FAGE is a voluntary umbrella association for exporters, it does not have operational control over EAs.

EAs in Ghana are generally weak and poorly organized (GEPC, 2009). Schipman (2006) states that regarding EAs and export units in Ghana, one problem that has emerged is the lack of cooperation and communication, citing the case of the 'Ghanaian Association of Vegetable Exporters' (GAVEX) established in 2004. The establishment of GAVEX was the result of a situation in which an exporter sold his products at lesser prices to win new customers. This brought other exporters together to form GAVEX to forestall such occurrences and to deal with such problems in the export business. Unfortunately, after this particular problem was solved, the association became very weak and ineffective (Schipman, 2006). FAGE suggests that a sizeable portion of EAs have management problems which are rendering the EAs ineffective (FAGE 2010).

A few EAs are progressive and well-organized. For example Sea-Freight Pineapple Exporters of Ghana (SPEG) is branding all their members exports by using the same packaging materials and labeling for their export items (GEPC, 2010). GEPC is a necessary bridge between EAs and the government, and provide trade information and capacity building. GEPC currently does not have any major control or leverage on EAs except in an advisory capacity, working closely with their

leadership and generally assisting them to find markets and leading them to access funding for their operations. GEPC is also represented in the meetings of a few EAs as observers from time to time when invited. There is anecdotal evidence suggesting that relationship between GEPC and some of the EAs is unhealthy owing to how EA leaders are 'mis-managing' the EAs.

There is an ongoing debate within the NTE sector as to whether or not legislation should be put in place to compel SME exporters to join EAs. One school of thought believes that legislation may not be the effective way of strengthening EAs. Instead, EA leaders should be provided technical and managerial assistance to work for exporters, who would be attracted to join EAs when they see the benefits of belonging to EAs. On the other hand, there is the view that it is imperative to institute mandatory membership for EAs as SME exporters would not join EAs if left alone.

(h) SME Exporters (Non-Traditional Exporters)

About 90% of NTE exporters in Ghana are SMEs (GEPC, 2006). Although SME exporters receive support from the government and trade support agencies, they are not immune to the same international trade challenges (such as declining prices, worsening terms of trade, manufacturing of synthetic substitutes and dumping of cheap exports on the markets of developing countries) that traditional exports have been subjected (Addo & Marshall, 2000). SME exporters in Ghana are beset with several problems including: poor marketing practices; high banking charges; problems in communicating with foreign clients; poor institutional assistance; management problems; poor access to credit; high interest rates; and low exporter-friendliness by banks (Buatsi, 2002; Kyereboah-Coleman and Biekpe, 2006; Owusu-Frimpong and Mmieh, 2007). Analysis of corporate size of enterprises reveals that about 70 percent of the annual NTE earnings for Ghana is contributed by less than 20 percent of the nearly 3000 registered exporters. Only a few firms have turnover of over $ 1 million. Majority of exporters have annual turnovers of less than $50,000 (GEPC, 2005). Owusu-Frimpong and Mmieh (2007) discovered that only 31percent of SME exporters had a turnover of above $1 million, with over 50percent of them operating without formal planning procedures or set of objectives, generally lacking the marketing resources and expertise available to larger organizations.

Although there are about 3,000 SME exporters registered with the GEPC, only nearly a thousand to a thousand- three hundred are active year-in-year-out (GEPC, 2010). Not all SME exporters are registered with GEPC, and there is suspicion that unregistered exporters may even outnumber the registered. There has been an administrative directive from MOTI since 1990

requiring all exporters to register with the GEPC. However, enforcement poses a challenge as this directive is not backed by legislation. Consequently, it is difficult to capture data on all exporters including many of the itinerant and cross-border exporters between Ghana and the neighboring countries, and equally difficult to enforce traceability protocols. Through the GCNet system of CEPS, it is known that a lot more exporters are carrying out exports independently of the GEPC. Most of the complaints of poor quality goods emanating from importers relate to products of exporters not registered with GEPC (GEPC, 2009).

2.3.2 The Non-Traditional Export Sector's Contribution to Total Exports

Table 2.5 shows the total national export earnings and contribution of NTE exports to the overall total exports from 2005 to 2010. Total national merchandise exports of Ghana grew from US$2.76 billion in 2005 to US$5,822.23 billion in 2010. This depicts an annual average growth rate of 18percent. Within the same period (2005 to 2010) NTE's grew from about US$777.59 million to US$1,629million, showing an annual growth of about 17percent. The percentage contribution of NTEs to total exports has been quite stable.

Table 2.5: Percentage of NTEs to Total Exports – 2005 to 2010

Year / Export Proceeds (US$'000)	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Total Exports	2,768.40	3,415.70	4,194.72	5,206.55	4,174.16	5,822.2
Non Traditional Exports	777.59	892.88	1,164.51	1,340.94	1,215.04	1,629.20
% Contribution of NTE Exports to Total Exports	28.09	26.14	27.76	25.75	29.11	27.98

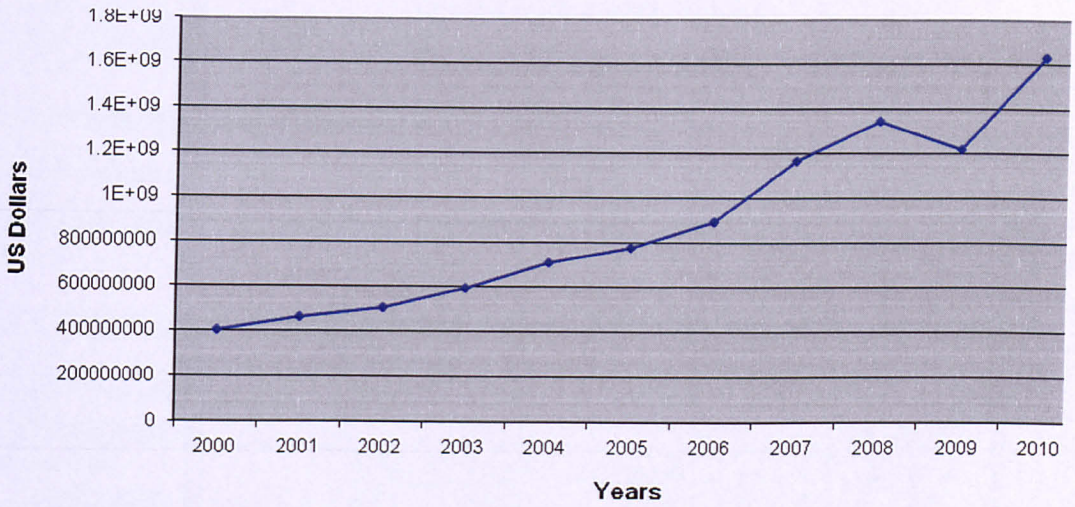
Source: Ghana Export Promotion Council (2011)

Table 2.5 suggests that between 2005 and 2010, the NTE sector contributed averagely 27.5% to total exports, whilst the traditional sector contributed the rest (72.5%). This scenario illustrates Ghana's over- reliance on the traditional export sector which is subject to price fluctuations and other adverse terms, exposing the vulnerability of Ghana's export earnings. The author argues that this vulnerability could be mitigated by a more diversified export base and a quantum leap in export performance by the NTE sector.

2.3.3 General Performance of the Non-Traditional Export Sector

Non-traditional exports grew significantly from 2000 to 2010 as a result of government support and activities of EPAs in the sector. Figure 2.2 shows the general trend of NTE performance in US dollars from 2000 to 2010.

Figure 2.2: General Trend of NTE Performance 2000 - 2010



Source: Ghana Export Promotion Council (2011)

With respect to figure 2.2, the sector grew steadily at an average annual rate of about 16.4percent from 2001 to 2008 with the highest growth rate of about 30.4percent occurring in 2007. The year 2009 saw a decline in total earnings of NTEs in US dollars as compared to the general trend of increases in NTEs achieved over the previous years due to the global financial crises and poor geographical conditions in Europe. The sector performed better in 2010 than in previous years, yielding export proceeds of US$1.629 billion. This showed an increase of 34.1percent in value over the previous year 2009 (US$1.215).

Inspite of the consistent growth in exports over the years, NTEs have not actually achieved yearly targets since 2005. Table 2.6 displays NTE export shortfalls from 2005 to 2010 which suggests that the NTE sector has consistently not performed as expected due to several challenges facing SME exporters enumerated in section 2.39 of this thesis.

Table 2.6: NTE Sector Expected Earnings versus Actual Performance (2005 – 2010).

Year	2005	2006	2007	2008	2009	2010
Target US$'000	853	1,041	1,291	1,625	2,113	2,747
Actual US$'000	777	892	1,164	1,340	1,215	1,629
Shortfall US$'000	76	149	127	285	898	1,118

Source: Compiled from GEPC (2011)

2.3.4 Performance by Sub-Sectors

Total earnings from the NTE sector from 2006 to 2010 were made up of earnings from three sub-sectors: agriculture; handicrafts and processed/semi-processed as shown in Table 2.7.

Table 2.7: NTEs Inter-Sector Earnings & Contributions to Total Exports – 2006 to 2010

Sector / Export Proceeds (US $ millions)	2006	2007	2008	2009	2010
Handicrafts	4.49	3.79	3.32	2.27	2.78
% Contribution	**0.5**	**0.3**	**0.3**	**0.2**	**0.17**
Agriculture	177.50	197.24	187.62	150.86	164.96
% Contribution	**19.9**	**17.0**	**14.0**	**12.4**	**10.13**
Processed /Semi Processed	710.89	963.48	1,149.00	1061.91	1461.46
% Contribution	**79.6**	**82.7**	**85.7**	**87.4**	**89.7**
Total NTE Exports	892.88	1,164.51	1,340.00	1,215.04	1,629.20
%	**100%**	**100%**	**100%**	**100%**	**100%**

Source: Ghana Export Promotion Council (2010)

(a) Processed/Semi-Processed Sub-Sector

Export earnings from the processed and semi-processed sub-sector amounted to US$1,461.46 million in 2010 compared to US$1,061.91 million earned in 2009, an increase of 37.62percent. The sub-sector contributed 89.70percent to the total NTE sector in 2010 and continues to grow at an average rate of 15percent. Ten leading processed/semi-processed products in Ghana's NTE sector are - Cocoa paste, canned tuna, articles of plastics, cocoa butter, veneers, plywood, natural rubber sheets, shea butter, cut pineapples, milk and cream (GEPC, 2010).

(b) Agricultural Sub-Sector

The Agricultural sub-sector used to be the dominant sub-sector until 1990 (GEPC, 2008). Its contribution to total NTEs continued to decline compared to value-added products. Export earnings from the agricultural sub-sector in 2010 amounted to US$164.96 million compared to

US$150.86 million earned in 2009, an increase of 9.34percent. The sub-sector contributed 10.12percent to the total NTE earnings in 2010. Ten leading agricultural export produce are: frozen tuna, shea nuts (Karite Nuts), cashew nuts, fresh or chilled fish, yams, banana, pineapples, medicinal plants and seeds, coffee, and kola nuts (GEPC, 2010).

(c) Handicraft Sub-Sector

The Handicraft sub-sector in 2010 earned US$2.78 million compared to US$2.27million earned in 2009, an increase of 22.46 percent. The sub-sector's contribution to total NTE declined from 0.2percent to 0.17percent. The main problem hampering the sub-sector is the shift of major buyers of Ghanaian handicraft products to other sources of supply for new and modern designs of handicrafts with relatively better finishing and functionality. For example buyers of statuettes in USA have turned to the far-east countries such as Indonesia, India and China. Ten leading handicraft products are: statuettes, ceramic products, batik/tie and dye, basket ware, hides and skins, kente products, traditional musical instruments, handicraft items, mats (GEPC, 2010). It could be observed from table 2.7 that the processed/semi-processed sub-sector makes the highest contribution to the NTE revenue, whilst the handicraft contributes the least.

2.3.5 SME Exporters Performance

Table 2.8 shows the number of exporters in 2010 and 2009 categorized into five (5) groups by value. In 2010, 2,975 exporters exported 503 NTE products as compared to 2,696 exporters who exported 477 products in 2009.

Table 2.8: Performance of Exporters in 2009 and 2010

X=Value	2010			2009			% Growth In Value 2010/2009
GROUP (US$ M)	Number Of Exporters	Total Value (US$ M)	% Contribution To NTEs	Number of Exporters	Total Value (US$ M)	% Contribution To NTEs	
$X \geq 50$	6	707.9	43.45	4	412.3	33.9	71.7%
$10 \leq X < 50$	16	357.7	21.96	16	311.7	25.7	14.76%
$1 \leq X < 10$	159	417.2	25.6	124	351.5	28.9	18.7%
$0.5 \leq X < 1$	70	50.6	3.1	71	49.3	4.1	2.6%
$X < 0.5$	2724	95.8	5.9	2481	90.0	7.4	6.4%
TOTAL	2975	1629.2	100	2696	1214.8	100	N/A

X =value; ≤ =less than or equal to; < =less than; ≥ =greater than or equal to; M =million

Source: Ghana Export Promotion Council (2011).

From table 2.8, it could be observed that the major contributors to NTE fell within the US$50 million mark and above, with a contribution of about 43.4percent and 33.9 percent for 2010 and 2009 respectively of the total NTE exports. Again the massive percentage growth in earnings from USD$ 412.3 million in 2009 to US$ 707.9 in 2010 (71percent) was made by exporters within the US$50 million and over exporter category. This shows that the NTE sector is being driven by few exporters who must be given the necessary attention whilst assisting other companies to move up the scale.

2.3.6 Projected NTE Earnings (2010 – 2015)

Projected NTE earnings for the years 2010 to 2015 have been set, based on MOTI targets for Ghana to achieve US$5 billion NTE revenue by the end of 2015. Table 2.9 shows the expected outcomes.

Table 2.9: Projected Earnings from the Non-Traditional Sector (2010 – 2015)

Projected NTE Earnings, 2010-2015		
Year	US$ (Million)	Growth Rate
2010	1,465	20.58 %
2011	1,865	27.30 %
2012	2,446	31.15 %
2013	3,308	35.24 %
2014	4,220	27.57 %
2015	5,001	18.51 %
Average Growth Rate		**26.73 %**

Source: Ghana Export Promotion Council (2010)

With reference to table 2.9, GEPC has picked years 2012 and 2013 as the peak years of achievement, to achieve 31.15percent NTE growth in 2012 and 35.24percent growth in 2013 (MOTI, 2010).To achieve the above targets, GEPC expects to consolidate and increase existing market shares, develop new markets where it will have comparative advantage and forge closer working relationships with stakeholders so as to harness all available resources in a concerted effort to increase NTE revenues. To this end, GEPC hopes to work with FAGE, the Ghana National Chamber of Commerce and Industry and other EPAs to present common trade exhibitions and programs and to coordinate efforts in achieving set targets (GEPC, 2010).

2.3.7 Challenges confronting the NTE sector

GEPC has outlined a myriad of challenges confronting the NTE sector as follows: (i) Institutional problems, where there is a multiplicity of institutions involved in export development, with no clear central coordination resulting in overlapping, often duplicating institutional mandates; (ii) Weak supply base, where predominantly small scale production units exist with wide geographic spread; weak, obsolete production infrastructure; inadequate quality management systems and infrastructure; uncoordinated export-oriented research and product development; (iii) Uncompetitive production environment with high cost of production leading to relatively high export prices; bureaucratic processing of business transactions; relatively low efficiency of production; low capacity utilization; low level of e-business practice; (iv) Market access; tariff and non- tariff barriers to entry into export markets; Inadequate knowledge of export markets requirements; inability to meet high levels of developed country market requirements Inadequate information on export market opportunities; lack of clear market entry strategies; lack of clear demarcation in respect of targeted segmented export markets; (v) Production and marketing infrastructure; inadequate local infrastructure for production and assembly, handling, storage and transport; inadequate communication facilities; lack of integration of supply chain infrastructure into export markets; low level of international marketing knowledge; and (vi) Finance; lack of adequate access to both short term and long term credit; limited scope of available financing instruments; cumbersome procedures and requirements for accessing finance (GEPC, 2009).

2.3.8 Government Support for the NTE sector

The government of Ghana through MOTI has instituted various support-mechanisms to develop the NTE sector. The Ghana Free Zones Board (GFZB) was set up by an Act of Parliament Free Zone (Act 504, 1995) to promote, facilitate, monitor and regulate investments under the free zones scheme. The programme aimed at promoting the processing and manufacturing of goods (NTEs) in Ghana for export through the establishment of Export Processing Zones (EPZs) and Industrial Parks. Additionally, the Export Development and Investment Fund (EDIF) was established by Act 582 of 4th October 2000 to provide financial resources for the development and promotion of Ghana's export trade.

In 2010, the Government commenced the process of reviewing the Destination Inspection Scheme. Five companies have been appointed to provide destination inspection services in the country for the next five years (2010 – 2015). MOTI is also reviewing the implementation of the duty exemption scheme to ensure that local industry is not disadvantaged. MOTI in collaboration

with the Japanese International Cooperation Agency (JICA) has initiated the promotion and development of product groups in the citrus, garment, shea butter, oil palm and foundry industries. In the oil palm industry improvement programme, four communities have been given training in quality enhancement, productivity and business competitiveness (MOTI, 2010). To serve as operational manual for SME development, MOTI in collaboration with JICA has published a book entitled "SME Toolbox" to serve as a reference material for potential small scale entrepreneurs (GEPC, 2009).

MOTI has embarked on the promotion and development of the craft industry in view of its potential to contribute significantly to NTE earnings, employment generation and productivity to support wealth creation and poverty reduction. MOTI has secured GH¢850,000 grant from EDIF to kick-start the upgrading and expansion programme for the Aburi craft village, and is also planning the development of the Abrafo craft village in the central region of Ghana. Six other craft villages (Salaga; Ahwiaa; Kpando; Odumasi; Bompata and Kpetoe) were also being considered for infrastructural development as and when funding became available (MOTI, 2010).

The Government has been developing a national export strategy with the objective to increase the country's export competitiveness, and to improve the regulatory framework for export business. To address the concerns of food importers to the European Union, the Government has undertaken a review in order to strengthen the regulatory framework for food export. The review together with the National Traceability Programme being implemented by GEPC would greatly support exporters and producers to supply large supermarkets in the EU and other western markets. Additional efforts were being made to address the supply-side constraints and poor quality which exporters and producers face, and the establishment of a Ghana International Trade Commission by 2013 (MOTI, 2011).

2.4 THE EXTERNAL CONTEXT - SME EXPORTERS' CHALLENGES

The export trade environment presents explicit challenges to developing countries and their small exporters as previously mentioned. Ruzzier, Hisrich and Antonic, 2006 state that as a result of the nature of today's marketplace, SMEs are increasingly facing similar international challenges as those of larger firms. The following section outlines some of the challenges.

2.4.1 Increased Competition

Over the last few years, trade liberalization and globalization processes have significantly increased customer expectations and competition between companies (Buckley, 2009). Globalization has intensified interdependence and competition between economies of the nations in the world market and as a result domestic economic developments of developing countries are not determined entirely by domestic policies and market conditions, but are influenced by both domestic and global policies set up by the global community (Hartungi, 2006). As barriers to globalization continue to fade, while powerful internationalization of production and marketing continue to thrive all over the globe, businesses in the developing countries should realize that competing globally is not an option, but an economic imperative (Rutashobya and Jaensson, 2004). Increasing global competition associated with falling trade barriers and transport costs require SMEs to add more value in production processes to stay ahead in their cycles and to compete against lower cost rivals (UNIDO, 2002). Awuah (2009) reports on how the domestic nail market in Ghana exposed to intense global competition, has been invaded by competition from nail producers in China and India who export nails to Ghana. Several nail producers in Ghana have closed down their businesses as a result. Many other industries in Ghana have also been closed down due to their inability to compete. On the other hand Cheminade and Vang (2008) affirm that globalization permitted SMEs from the Bangalore area, in India, to benefit from their specialization advantages in the software industry to compete on the international market. However, they explain that such firms were supported by government to overcome market imperfections.

2.4.2 Changing consumer demand

The tastes, needs, wants and demands of consumers are converging, a trend termed in the literature 'global consumers'. It is common to witness that modern technologies are making it not only easy for isolated places and impoverished people to be exposed to modern goods and services, they are eager for modernity's allurements (Lee, 2005). Changing consumer demand associated with rising incomes and changing tastes that come with greater demand for more

sophisticated customized and environmentally friendly products, places new demands on SMEs. This means that there is a premium on accessing up-to-date market information and ensuring that production processes and product designs are more flexible and closely adapted to changing market demands (Wignaraja, 2003).

2.4.3 The need for entrepreneurial abilities

Mobilization of entrepreneurial abilities is one of the barriers that firms need to overcome in the face of increasing globalization. The rise of the global factory demands new management skills, which include an entrepreneurial ability to optimally locate and control firm activities (Buckley, 2009). Entrepreneurial ability is linked to entrepreneurs being innovative in organizing invention, marketability and entry of product or service to the global market place. Information in this process enables entrepreneurs to combine their judgement with physical assets, thus enabling them to bear risks and mobilize capital (Khalid and Larimo, 2011). Entrepreneurial knowledge, relationships, experience, training, skills, judgment, and the ability to coordinate resources are viewed as resources themselves (Barney, Wright and Ketchen, 2001) which are socially complex and add value to the firm because they are not easy to imitate and other firms cannot simply create them (Alvarez and Busenitz, 2001). The impact of other managerial cognitions, such as risk perception, tolerance for ambiguity, resistance to change and self-confidence, has also been shown to affect the decision-making process and thereby the nature of the internationalization process (Acedo and Jones, 2007).

2.4.4 Challenges of the Doha Development Round and Mandatory Trade Protocols

The Doha Development Round is the current trade-negotiation round of WTO which commenced in November 2001. Its objective is to lower trade barriers around the world, to allow countries to increase trade globally. As of 2008, talks had stalled over a divide on major issues, such as agriculture, industrial tariffs and non-tariff barriers, services, and trade remedies. The most significant differences are between developed nations led by the European Union (EU), the United States (USA), and Japan and the major developing countries led and represented mainly by Brazil, China, India, South Korea, and South Africa. There is also considerable contention against and between the EU and the USA over their maintenance of agricultural subsidies—seen to operate effectively as trade barriers (WTO, 2008).

New rules of international trade introduced through the WTO mean that SMEs have to comply with higher technical, environmental and labour standards in export markets. These includes standards like ISO 9000 and ISO 14000, technical barriers to trade (TBT) of different kinds and Sanitary and Phytosanitary Measures (SPS) (UKDTI, 2009). As a result of such mandatory

traceability protocols, importing countries are placing higher requirements and pressure on exporting countries and new legal requirements have been developed with regard to international trade in meat and in other products (GEPC, 2005). International discussions and negotiations are currently being held on traceability issues at the WTO, and during these debates, developing countries highlight the significant constraints they face in implementing traceability systems, particularly the prohibitive costs of implementing traceability measures (WTO, 2008).

2.4.5 Revolutionary changes in ICT technologies

Export enterprises operate in rapidly changing environments that are hypercompetitive and turbulent where customer preferences are volatile, and technology is transforming scenarios (Galan and Sanchez, 2009). Revolutionary changes in ICT technologies are transforming every stage of manufacturing (e.g. finding new technology, management of supply-chain relationships, accessing distant markets and creating entirely new products). SMEs need to develop efficient manufacturing capabilities (engineering and research and development) to cope with rapid technology (UKDTI, 2009). The author submits that the foregoing challenges require concerted efforts by SME exporters, who need to pull resources and join actions in order to avoid marginalization by bigger export players.

2.5 THE EXTERNAL CONTEXT - SME EXPORTERS' OPPORTUNITIES

Inspite of the numerous challenges the export trade system imposes on developing countries and their small exporters, the following key opportunities are available.

2.5.1 Expanded Markets and Outsourcing Opportunities

Over the last few years, global markets have begun offering an abundance of opportunities for SMEs such as greater access, accelerated technology transfer from more developed countries, improved productivity and increased efficiency (UNIDO, 2002; Hartungi, 2006). The world is not only becoming more homogenous, but also, the distinctions between national markets, for some products/services, are fading away (Czinkota and Ronkainen, 2007). There are numerous opportunities such as large markets, access to modern technology, access to modern and superior goods/services, fewer barriers to trade and capital flows for interdependent actors in the globalized world. Consequently, integrated and/or interdependent markets are virtually free from all forms of trade barriers (UNDP, 2004). As countries or markets are liberalized with almost all trade barriers (e.g. physical, fiscal, monetary, and technical) removed, many firms can enter and operate in almost any market of their choice. However, (Ibeh, 2003) notes that the rapid transformation processes of trade liberalization which firms are required to deal with, may be

beyond the capabilities of most firms, especially SMEs in developing countries. The rise of globally integrated value chains, driven by multinational corporations, is creating "first mover" advantages for SMEs that manage to insert themselves early into subcontracting relationships. Over time, such enterprises can learn and improve their competitiveness by accessing new technologies, managerial practices, technical skills and marketing connections of multinational corporations (Buckley, 2009). Wilkinson and Young (2002) state that the world has changed in many ways, with outsourcing becoming a prominent option in many industries, such as the automotive and computer services. They explain that there is a constant move to decrease value creation inside the firm and, as a consequence, increase the value brought into the firm from suppliers. Wilkinson and Young (2002) further cited the term ''virtual organization'', a tendency towards flexible project-oriented co-operations between firms, enabled by progress in electronic business tools, suggesting that the virtual organization can be interpreted as a network of relationships between firms which pool together their resources to achieve ''size effects''. The author suggests that SME exporters in Ghana can take advantage of expanding markets and outsourcing opportunities if they are well-organized and competitive.

2.5.2 Opportunities Presented by the Millennium Development Goals

The Millennium Declaration, signed by 189 countries in 2000, established the Millenium Development Goals (MDGs) with a vision to improve conditions for the world's poorest people by 2015. The MDG Gap Task Force Report (2010) released by the United Nations (UN) confirmed that trade needs to be a key driver to reaching the MDGs by the 2015 deadline to enable developing countries reap greater gains from trade. The report recommended that the international community should: (i) Intensify efforts to conclude, within a realistic time frame, a development-oriented Doha Round of trade negotiations in order to effectively establish a more open, equitable, rule-based, predictable and non-discriminatory multilateral trading system; (ii) Ensure that developing countries, especially the most vulnerable among them, are given the flexibility and support needed to strengthen their production and trading capacities as part of broader development strategies; (iii) Ensure that protectionist measures taken as a response to crises are dismantled and that further measures, including new forms of non-tariff barriers, are resisted; (iv) Accelerate delivery on the commitments made by developed countries in 2005 to eliminate, by 2013, all agricultural export subsidies and other support measures with equivalent effect, in order to increase the ability of developing countries to produce and export agricultural products competitively (UN, 2010). The author argues that the preceding are arrangements which augur well for SME exporters and offer excellent opportunities for their entry and growth in the global market.

2.5.3 The African Growth and Opportunity Act

The African Growth and Opportunity Act (AGOA) aims to promote increased trade and investment between the United States and Sub-Saharan African countries by providing eligible African countries with unprecedented liberal access to the US market. Essentially, all products (6,400) of eligible countries will have quota- free/duty-free access without reciprocity to the almost US $10 trillion dollar United States market (USAID, 2004). To be eligible for AGOA, a country is required to have established or to have made continual progress toward establishing a market-based economy that protects private property rights, incorporates an open rules-based trading system, and minimizes government interference in the economy through measures such as price controls, subsidies and government ownership of economic assets. AGOA also entitles eligible countries to other benefits including technical and financial assistance for investment promotion, infrastructure and agricultural development, air transportation development as well as enterprise development particularly for women and small businesses (AGOA, 2008). Ghana qualifies for AGOA, and the Ghana Government working through GEPC is actively encouraging small exporters to take advantage of the Act which expires in the year 2015, to increase NTE exports (GEPC, 2009).

2.5.4 Aid-for-Trade

The Aid-for-Trade initiative was launched at the WTO Hong Kong ministerial conference in December 2005. It is a frontier of development assistance, primarily a vehicle for enabling developing countries to integrate better into the multilateral rules-based trading system (ITC, 2008). Up to $10 billion per year was pledged by Europe, Japan and the United States, representing a tripling of trade-related aid and equivalent to around 10percent of total overseas development assistance (ODA) (ITC, 2007). According to paragraph 57 of the Hong Kong ministerial declaration, the initiative is intended to help least developed countries to build the supply-side capacity and trade-related infrastructure needed to assist them to implement and benefit from WTO agreements and more broadly to expand their trade (WTO, 2008). Aid-for-Trade includes technical assistance, infrastructure, the development or further improvement of productive capacity and adjustment assistance – helping with the costs associated with tariff reductions, preference erosion, or declining terms of trade. Aid-for-Trade is a vehicle for enabling developing countries, particularly least developed countries to integrate better into the multilateral rules-based trading system and to use trade more effectively in promoting the overarching objective of poverty reduction in the context of sustainable development (ITC, 2008). Aid-for-Trade is also to assist developing countries benefit from increased trade

opportunities offered by the anticipated results of the Doha Development Agenda and to cope with the adjustment challenges posed by globalization (ITC, 2007). It is the author's view that Aid-for-Trade is another opportunity for small exporters in developing countries to improve supply-side constraints, considered a key problem area for small exporters.

2.5.5 Everything-But-Arms

Everything-But-Arms (EBA) is an initiative of the European Union under which all imports to the EU from the least developed countries are duty-free and quota-free, with the exception of armaments. The aim of the scheme is to encourage the development of the world's poorest countries (UKDTI, 2009). Although the EBA program provides for duty-free imports from least developed countries, the 'rules of origin', especially pertaining to apparel, severely inhibit imports because all phases of production do not occur within least developed countries (EU, 2010). Notwithstanding, the author submits that EBA has opened a window of opportunity for least developed countries including Ghana.

2.5.6 The New Partnership for Africa's Development

The New Partnership for Africa's Development (NEPAD) is a call for a new relationship of partnership between Africa and the international community, especially the highly industrialized countries, to overcome the development chasm that has widened over centuries of unequal relations (NEPAD, 2001). Historically, African economies are vulnerable because of their dependence on primary production and resource-based sectors, and their narrow export bases, hence NEPAD is anchored on the determination of Africans to extricate themselves and the continent from the malaise of under-development and exclusion in a globalizing world. The goals of NEPAD are (i) to achieve and sustain an average gross domestic product (GDP) growth rate of over 7 per cent per annum; (ii) ensure that the continent achieves the agreed International development goals and the strategy to achieve them is through the diversification of productive activities, enhanced international competitiveness, increased exports and increased African integration. In promoting African exports at the International level, NEPAD will (i) Negotiate measures and agreements to facilitate access to the world market by African products (ii) Encourage foreign direct investment (iii) Assist in capacity-building in the private sector, as well as strengthening country and sub-regional capacity in trade negotiations, implementing the rules and regulations of the WTO, and identifying and exploiting new trading opportunities that emerge from the evolving multilateral trading system (NEPAD, 2004). NEPAD, the author notes, provides an impetus for African countries to maximize the benefits of trade for development.

2.6 THE ROLE OF SELECTED GLOBAL TRADE INSTITUTIONS

Several global trade institutions have been established to promote trade across nations and to ensure fairness and competitiveness amongst trading partners. The roles of three such relevant institutions are discussed below.

2.6.1 The World Trade Organization

Established in 1995, the World Trade Organization (WTO) deals with the global rules of trade between nations. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible. The bulk of the WTO's current work comes from the 1986–1994 negotiations (the Uruguay Round) and earlier negotiations under the General Agreement on Tariffs and Trade (GATT) (WTO, 2011). The WTO operates broadly as follows:

(i) It provides a forum for negotiating agreements aimed at reducing obstacles to international trade and ensuring a level playing field for all countries.WTO offers a negotiating forum where member governments try to sort out the trade problems they face with each other. The WTO is currently the host to new negotiations, under the "Doha Development Agenda" (ii) Setting of rules is the second role of the WTO. At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations. These documents provide the legal ground-rules for international commerce. The WTO ensures that individuals, companies and governments know what the trade rules are around the world, giving them the confidence that there will be no sudden changes of policy. All WTO members must undergo periodic scrutiny of their trade policies and practices (WTO, 2011). (iii) Dispute Settlement is a third important side to the WTO's work. Trade relations often involve conflicting interests. Agreements, including those painstakingly negotiated in the WTO system, need interpreting. Countries bring disputes to the WTO if they think their rights under the agreements are being infringed. Membership in the WTO is a critical tool for participation in the multilateral trading system. It requires opening domestic markets to international trade, but also provides huge market opportunities for domestic producers (ITC, 2009). Ghana is a firm believer in the tenets of the multilateral trading system and fully committed to its principles. Thus Ghana joined GATT in October 1957 after attaining independence in March 1957 and became a founding member of the WTO in 1995 (GEPC, 2005). However, because of supply-side constraints, Ghana has not been able to substantially capitalise on the market access opportunities offered by the multilateral trading system (WTO, 2007). To design successful export development strategies, it is fundamental that

governments and private exporters have a clear understanding of the applicable WTO rules and their implications for their specific individual characteristics (ITC, 2009).

2.6.2 The International Trade Centre

The International Trade Centre (ITC) enables small business export success in developing and transition countries, by providing partners with, sustainable trade development solutions to the private sector, trade support institutions and policymakers (ITC, 2011). As the development partner for small business export success, ITC's overarching goal is to help developing countries achieve sustainable development through exports by activating, supporting and delivering projects with an emphasis on competitiveness. ITC remains the only international organization focused solely on trade development for developing and transition economies (ITC, 2004).

ITC operates under the principle that with an active and engaged private sector, trade can create long term economic growth and development. Consequently, ITC is committed to building sustainable export success for SMEs and entrepreneurs in developing and transition countries, encouraging export development that assures the commercial viability of enterprises, empowers women and men economically, and works towards economic, social and environmental sustainability (ITC, 2000). In 2010, ITC and its South African partner, the National Agricultural Market Council, devised tools to select high-potential emerging fruit and vegetable farmers, diagnosed their needs and linked them with assistance from a network of public and private providers as well as buyers (ITC, 2011). ITC channels the majority of its technical support services through EPAs to ensure the widest dissemination and the sustainable transfer of knowledge and expertise and also plays a critical role in their development (ITC, 2004).

2.6.3 The United Nations Industrial Development Organization

The United Nations Industrial Development Organization (UNIDO) is a specialized agency of the United Nations with a mandate to promote and accelerate sustainable industrial development in developing countries and economies in transition. It works towards improving living conditions in the world's poorest countries by drawing on its combined global resources and expertise (UNIDO, 2008). UNIDO is one of the largest providers of trade-related development services, offering customer-focused advice and integrated technical assistance in the areas of competitiveness, trade policies, industrial modernization and upgrading, compliance with trade standards, testing methods and metrology. The guiding principle of UNIDO's approach towards SMEs is that small-scale manufacturing enterprises can play a key role in triggering and sustaining economic growth and equitable development in developing countries (UNIDO, 2008).

On account of the common problems they all share, SMEs are in the best position to help each other, and through networking, individual SMEs can address the problems related to their size and improve their competitive position (UNIDO, 1999).UNIDO believes that strengthening the capacity of developing countries to participate in global trade is critical for their future economic growth (UNIDO, 2006). There is an ongoing debate as to whether the above global trade institutions, especially the WTO, are fairly and competently managing global trade issues among nations. However, such debate is beyond the scope of this paper.

2.7 KEY EXPORT MARKETS FOR GHANA'S NON-TRADITIONAL EXPORTS

2.7.1 Direction of Non-Traditional Exports

Ghana's NTEs are exported to 140 countries categorized into five groups by GEPC as follows: (i) The European Union (EU); (ii) Other developed countries; (iii) ECOWAS; (iv) Other African Countries; (v) Other Countries. Table 2.10 indicates trends in percentage share of NTE earnings by destination category from 2005 to 2010.

Table 2.10: Trends in Percentage Share of NTE Earnings by Destination Category 2005-2010

Destination Category / % Share	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
European Union (EU)	47.42	47.03	46.55	40.83	46.39	50.18
ECOWAS	31.37	27.18	31.36	32.45	32.72	26.42
Other African Countries	2.41	2.82	2.36	2.54	2.4	2.59
Other Developed Countries	9.52	11.07	9.25	9.5	7.14	9.26
Other Countries	9.28	11.9	10.48	14.68	11.35	11.55

Source: Ghana Export Promotion Council (2011)

Table 2.11 indicates that the European Union and ECOWAS markets absorbed 50.18 percent and 26.42 percent of NTE products from Ghana respectively in 2010 and continue to be the leading markets for Ghana's NTE products.

Table 2.11 Comparison of Performance of Various Markets in 2009 and 2010 (value in $)

Markets	2009 (US$)	2010 (US$)	% Growth 2010/2009
European Union (EU)	563,736,938	817,595,313	45.03%
ECOWAS	397,517,933	430,348,459	8.26%
Other countries	137,743,453	188,186,658	36.62%
Other Developed countries	86,874,528	150,841,529	73.63%
Other African countries	29,168,045	4,222,652	44.77%

Source: Ghana Export Promotion Council (2011)

A comparison of the performance of the various markets in the period under review as shown in table 2.11 also reveals that all the markets recorded positive growths with the highest growth rates experienced by Other Developed Countries (developed countries excluding EU) with ECOWAS pulling the lowest growth rate of 8.26%. The decline in ECOWAS contribution to total NTEs (as shown in table 2.10) and its dismal growth rate of 8.2 % as in table 2.11 is an indication that SME exporters' interest are now beginning to shift to the European Union and other markets outside the ECOWAS region.

The top ten (10) NTE markets by countries accounted for 71.6 percent of total NTE exports, yielding $870 million in 2009 as shown in table 2.12.

Table 2.12: Ten Leading NTE Markets Across the World (2008 - 2009)

Country/Imports	2009 ($ Million)	2008 ($ Million)	% Growth Rate 2009/2008	% Contribution to NTE sector 2009
1. Netherlands	164.3	120.3	36.6%	13.5%
2. France	139.7	134.0	4.3%	11.5%
3. United Kingdom	123.0	143.4	-14.2%	10.1%
4. Togo	102.0	99.4	2.6%	8.4%
5. Nigeria	85.7	120.6	-28.9%	7.0%
6. Burkina Fasso	65.6	78.8	-16.8%	5.4%
7. Cote d'ivoire	60.4	52.7	14.6%	5.0%
8. United States	54.9	61.2	-10.3%	4.5%
9. India	37.6	61.8	-39.2%	3.1%
10. Germany	36.8	40.8	-9.8%	3.0%
TOTAL	870.0	913.0	-4.7	71.5%

Source: Ghana Export Promotion Council (2010)

Table 2.12 shows that the Netherlands is the leading market consuming US$164.3 million in 2009 compared to US$120.3 million in 2008, an increase of 36.6percent. Netherlands

contributed 13.5percent to the total NTE earnings in 2009. The leading products to the Netherlands markets were cocoa paste and butter. France is the second largest market, contributing 11.5percent to the total NTE earnings in 2009. The leading products to France were cocoa paste and canned tuna. The United Kingdom which used to be the leading market consumed US$123 million in 2009, as compared to US$143.4 million in 2008, declining by 14.2percent and contributing 10.1percent to the total NTE earnings. The leading product to the UK in 2009 was canned tuna contributing 58.92percent (GEPC, 2010).

2.7.2 The European Union Market

The European Union (EU) continued to be the largest market for Ghana's NTEs, and accounted for US$ 817.5 million in 2010. Principal export products to the EU include cocoa liquor, canned tuna, builders' woodwork, sliced veneer and shea nuts (GEPC, 2010). Table 2.13 shows that in 2010 the Netherlands imported US$250.2 million worth of produce from Ghana as compared to US$164.3 million in 2009, a growth of 52.23percent. France was next with an increase in imports from Ghana from US$139.7 million in 2009 to US$182.6 million. The UK came third having stepped-up NTE imports from US$122.8 million in 2009 to US$130.6 million.

Table 2.13 Ten Leading NTE Markets in the European Union (EU)

Country	2010 (US$)	2009(US$)	% Growth 2010/2009
1. Netherlands	250,184,848	164,348,015	52.23%
2. France	182,560,520	139,759,518	30.62%
3. United Kingdom	130,534,,073	122,833,941	6.27%
4. Germany	86,742,986	36,769,370	135.91%
5. Belgium	66,723,992	31,897,733	109.18%
6. Spain	60,036,332	28,880,836	107.88%
7. Italy	26,864,593	16,054,978	67.33%
8, Denmark	7,106,582	15,751.783	-54.88%
9. Portugal	4,217,292	4,041,401	4.35%
10. Greece	2,573,898	3,042,815	-15.41%

Source: Ghana Export Promotion Council (2011).

The increasingly sophisticated market requirements of the EU pose a considerable threat to SME exporters' access to that market in the long term (GEPC, 2008). It is envisaged that as Ghana intensifies efforts to consolidate its share of the EU market, it will also undertake a programme of diversification into markets of newly admitted members of the EU particularly those from Eastern Europe. The expected attraction of foreign direct investment into those countries for purposes such as industrial production will provide interesting market prospects for fresh and semi-processed products from Ghana (GEPC, 2008).

2.7.3 The Southern Africa Market

The Southern African market holds positive prospects for Ghanaian NTEs and offers good prospect for diversification of Ghanaian products. Ghanaian exports to the region have shown great potential for growth. Between 1999 and 2003, exports to the South African region grew from under US$ 4 million to over US$ 9 million (GEPC, 2006). To differentiate itself from the previous protectionist government, the South African government embarked upon an ambitious trade liberalisation process that commenced with the government's formal offer in the 1995 into the WTO. Numerous other policy changes relating to labour markets and competition have also been implemented (Edwards and Alves, 2005). The South African Trade and Industry Deputy Minister Elizabeth Thabethe recently noted:

> *"Measures put in place by the South African government to grow the economy are bearing fruit, with the country being regarded as a desirable trade nation, Economic fundamentals such as trade liberation, inflation targeting, exchange control liberation and the control of government expenditure of fiscal measures since the dawn of democracy had helped the country. South Africa now finds itself in a position where it is regarded as a very desirable trade nation having negotiated a number of Free Trade Agreements over the past several years"* (South Africa Trade News, 2012).

Ghanaian exporters would be encouraged and supported to increase trade with the South African market is a bid to diversify Ghanaian exports (GEPC, 2010).

2.7.4 The North American Market

The United States market represents a huge potential for Ghana's NTE's. Exports to USA amounted to $83.5 million in 2004 but dropped to $61.2 million in 2008 and $54.9 million in 2009 respectively due to high competition faced by Ghanaian NTE products. There are good prospects particularly for handicrafts, afro-centric textiles, garments and food items. GEPC is

vigorously exploring these prospects and programme support schemes in the areas of market investigation missions, contact promotion programmes and product adaptation activities (GEPC, 2010). The author observes that NTE exports to the North America is low inspite of AGOA described earlier in this chapter, implying that Ghanaian SME exporters are not capitalizing on the AGOA opportunity.

2.7.5 The ECOWAS Market

The Economic Community of West African States (ECOWAS) is a regional group of fifteen countries in West Africa, founded in 1975. The aims of the Community are to promote co-operation and integration, leading to the establishment of an economic union in West Africa in order to raise the living standards of its peoples, and to maintain and enhance economic stability, foster relations among member states and contribute to the progress and development of the African continent. To achieve the above aims the Community ensures measures including the promotion of the establishment of joint production enterprises and the establishment of a common market through: i) the liberalisation of trade by the abolition, among member states, of customs duties levied on imports and exports, and the abolition among member states, of non-tariff barriers in order to establish a free trade area at the Community level; ii) the adoption of a common external tariff and a common trade policy vis-a-vis third countries; iii) the removal, between member states, of obstacles to the free movement of persons, goods, service and capital, and to the right of residence and establishment (MOFEP, 2006).The ECOWAS market with a population of 250 million, GDP of $110 billion constitutes the second largest market for NTE's after the European Union (tables 2010 and 2011) . The Government of Ghana intends to support domestic manufacturers and exporters to enable them reposition their businesses to take advantage of opportunities presented by ECOWAS (MOFEP, 2011).

A look at the ten leading NTE markets in the ECOWAS sub-region as shown in table 2.14 reveals that Togo is the leading market with a consumption of US$118.3 million in 2010 compared to US$102 million in 2009. This may be due to the high level cross-border trade between the two countries (Ghana shares her eastern border with Togo). Togo is followed by Nigeria which increased by 12.31percent from US$85.7 million in 2009 to US$96.3 million and thirdly Burkina Faso which shares Ghana's northern border.

Table 2.14: Ten Leading NTE Markets in the ECOWAS Sub-Region

Country	2010 (US$)	2009 (US$)	% Growth 2010/2009
1.Togo	118,337,513	102,036,909	15.97%
2.Nigeria	96,295,041	85,743,818	12.3%
3. Burkina Faso	83,416,084	64,479,153	29.37%
4. Cote d'Ivoire	41,618,102	60,380,292	-31.07%
5. Benin	21,531,902	27,228,886	-20.92%
6. Mali	20,749,946	12,350,972	68.00%
7. Niger	14,122,032	13,162,448	7.29%
8. Senegal	10,641,158	11,484,709	-7.34%
9. Guinea	6,781,886	5,636,392	20.32%
10. Gambia	4,032,145	3,457,412	16.62%

Source: Ghana Export Promotion Council (2011)

CHAPTER SUMMARY

This chapter has provided the contextual background to the study by discussing the Ghanaian economy and its export sector (internal context) and the Export Trade environment and the opportunities and challenges it presents to SME exporters (external context). Although Ghana's economy appears to be doing well, her economic structure has not been radically transformed since colonial days, to meet with the current trends in the globalized trade regime. The Ghanaian domestic economy continues to revolve around subsistence agriculture. To date, Ghana depends on her volatile traditional export products contributing nearly 75percent to export revenue. The NTE sector dominated by SME exporters has not performed satisfactorily in spite of the substantial support it has received over the years. The dynamic external trade environment presents both opportunities and challenges to small exporters. The Governments of developing countries, EPAs, EAs and SME exporters are required to work together to take advantage of these trade opportunities. Given their size limitations, SME exporters definitely require all sorts of support to be competitive at the global marketplace. The extent to which they receive support from EAs is the subject of this research. The next chapter (chapter 3) presents a critical review of the literature to provide the conceptual background for the study.

CHAPTER 3

LITERATURE REVIEW ON FACTORS INFLUENCING THE ROLE OF EXPORT NETWORKS

CHAPTER INTRODUCTION

The previous chapter presented the internal and external background to this research by discussing the Ghanaian economy and its Non-Traditional Exports (NTE) sector as well as the external trade environment. The purpose of this chapter is to critically review the literature on factors influencing the role of Export Networks in order to demonstrate awareness of the current state of knowledge in the area and how this research fits into the wider context. This chapter focuses on the entrepreneurship literature and commences by reviewing the literature on globalisation; SME internationalisation; SME exporters' challenges and SME exporters performance in the network context. The literature covered relates to the research question and objectives, as well as relevant and up-to-date theories of recognised experts in the area.

3.1 THE EXPORT TRADE & THE INFLUENCE OF GLOBALIZATION

The International business environment is changing radically under the influences of three forces. The first is the explosive growth of low-cost technology connecting people and locations, with better information-processing and communication technology, creating a greater awareness of international economic opportunities (Gjellerup, 2000; Acs et al., 2005a). The second force behind the globalization of business is the steady dismantling of trade barriers and financial deregulation, where free-trade agreements have generated a more level playing field for innovative firms (Wignaraja, 2003; Spiegel, 2007).The third force motivating the globalization of business is the widespread economic restructuring and liberalization that followed the fall of socialism in Russia and Central/Eastern Europe, as well as the geographical expansion of markets in Asia, particularly China. These previously closed areas are now new markets and magnets for investment, opening further opportunities for growth and investment (Awuah and Amal, 2011).).

Globalization has the potential to offer SMEs within developing countries with access to a virtually unlimited pool of global assets such as new markets in both developed and developing countries, new technologies, information, skills and capital (Wignaraja, 2003). Fewer trade barriers have also led to the spread of improved technologies, communication systems, transportation systems and logistics, which all facilitate the exchange relationships between a firm and its buyers, suppliers and other actors across the globe (Knight and Cavusgil, 2004).

Current trends indicate that the world is moving rapidly towards an economic system that is more favourable for the practice of international business (Hill, 2005). Interdependencies at all levels, an inherent feature of globalization, provide several actors (governments, organizations, and private individuals) numerous opportunities such as large markets, access to modern technology worldwide, access to modern and superior goods/services, and fewer barriers to trade and capital flows. It is up to every actor to develop its capabilities so as to be able to exploit the opportunities emerging from globalization (Awuah and Amal, 2011).

On the other hand, world economic integration brings about a sudden, marked increase in competition for SMEs in domestic markets (Ghauri, Lutz and Tesfom, 2003). Globalization has also thrown up new challenges to developing countries like volatility in financial markets, abuse of labour, environmental degradations, and unfair competition (Hartungi, 2006). Johnson and Turner (2003) argue that globalization and greater integration of markets results in the rapid transmission of crises from one country to another. Globalization has brought trade within reach of everyone, yet only a handful of developing countries have managed to maximize the potential of trade for development (ITC, 2008). The potential benefits which globalization provides cannot be realized by many people or countries of the poorest parts of our globalized markets (UNDP, 2004; Spiegel, 2007). Globalization also comes with enormous challenges such as liberalization of markets; intense competition; decline of domestic job opportunities and revenues; economic volatility of the integrated markets; cyclical crises; non-tariff barriers to trade; spread of pandemics, and new security issues. Many actors, especially in the least developed countries may not have the capabilities to handle the challenges that globalization bring (UNDP, 2002; Spiegel, 2007). One major challenge is the ability of poorer countries and their firms to deal with the reality of 'no level playing field' for exchanges between economic actors (Beamish and Lu, 2004; UNDP, 2004). Subsidies and trade restrictions of various kinds are still common in many developed countries, even emerging markets, and some developing countries (ITC, 2008).

Globalization of markets is exerting a profound influence on the behaviour of SMEs as well as the environment around them by altering production processes, new product introduction, supply-chain relationships between firms, demand conditions and regulations. This new manufacturing context, based on knowledge and technological progress, provides unparalleled new opportunities and poses new risks for SMEs in developing countries (Ibeh, 2003; Fletcher, 2004; Buckley, 2009).

3.2 SME INTERNATIONALIZATION THEORIES

Gjellerup (2000) suggests that the term "internationalization" grew to prominence starting in the 1920s when internationalization began to outshine imperialism as the dominant organizational principle when considering cross-border interaction between market economies. The economic internationalization process accelerated in the post-WWII era and dominated until the early 1970s, when the new phenomenon of internationalization of SMEs began to emerge. Internationalization can be understood as a time-based process of entrepreneurial behavior and a firm-level manifestation of international entrepreneurship (Jones and Coviello, 2005). Musteen, Francis and Datta (2010) observe that given limited resources and market power, the internationalization process of small- and medium-sized enterprises (SMEs) differs significantly from that of established multinationals. One such difference relates to the use of networks. Compared to larger multinationals, SMEs typically rely more extensively on network relationships as they pursue international opportunities. The origin of literature on internationalization patterns is the notion of "stage models", which characterize internationalization as an incremental and linear process during which firms progress from limited exploration of international markets through various stages of increasing commitment as they learn and gather resources (Johanson & Mattsson 1988; Johanson and Vahlne, 2009). This incremental model describes only one possible internationalization path (Kuivalainen et al., 2010).The phenomenon of "born-global" firms or other types of international new ventures, in which firms commit to international markets soon after founding, is frequently posited as a challenge to traditional 'stage models' and may be seen as another internationalization path (Kuivalainen et al., 2010). The internationalization of small firms, especially from a developing country perspective, has received little attention in academic inquiry (Rutashobya and Jaensson, 2004) as SMEs have been traditionally considered as weak contributors to internationalization because of financial and managerial constraints (Abor, 2004). The following subsections discuss various SME internationalisation approaches to pave the way for an understanding of the value and relevance of export networks. Prior to that discussion, Transactional Cost Theory and its applicability to SME Internationalization is discussed.

3.2.1 Transaction Cost Theory and SME Internationalization

Canabal and White (2008) state that the most commonly used theory in entry mode studies is transaction cost analysis. They cite some studies applying transaction cost theory to entry mode research such as: transaction cost theory and Japanese joint ventures in the United States (Hennart, 1991); modified transaction cost models and service firm entry mode choice (Erramilli and Rao, 1993); the impact of transaction costs and institutions on entry mode

selection in Eastern Europe (Meyer, 2001); and the influence of transaction cost-enhanced entry mode choices on firm performance (Brouthers, Brouthers and Werner, 2003). Transaction cost theory (Coase, 1937; Williamson, 2000) is concerned with the costs incurred in making an economic exchange. The basic premise of transaction cost theory is that firms are profit maximizing, which involves cost minimization. Thus firms need to create governance structures that will minimize costs and inefficiencies associated with entering and operating in a foreign market. Transaction cost theory suggests that asset specificity, behavioral uncertainties, and environmental uncertainties create two main costs: market transaction costs and control costs (Williamson, 2000; Hennart, 2010). Asset specificity refers to the physical and human resources that a company employs to complete a specific task. When asset specificity is low, firms will incur few costs in protecting their know-how from competitors (Hennart, 2010). Behavioral uncertainties arise from the inability of a firm to predict the behavior in a foreign country.

According to transaction cost theory, behavioural uncertainty may lead to opportunistic behavior involving cheating, distortion of information, shirking of responsibility, and other forms of dishonest behavior (Williamson, 2000). In order to minimize opportunistic behavior, a company has to develop some type of control mechanisms (Klein, Frazier and Roth, 1990). A second type of uncertainty created by the target market environment also influences transaction costs. Environmental uncertainties refer to the risks associated with a host country; for example the ability to enforce contracts and control other types of political and legal risks. If a company desires increased control, it has to commit additional resources (Williamson, 2000; Gatignon and Anderson, 1988). The assumption is that where the market is large and transactions are frequent, and also where assets owned by a company have limited other use, firms will favor internalization in order to minimize, among other problems, opportunisms and hence transaction costs. Williamson (2000) argued that whether transactions are conducted within the market, internalized within the firm or conducted alternatively by an intermediate form of flexible supply, contracting is determined by the governance mechanism that minimizes transaction costs, and ultimately maximizes efficiency. From the foreign market entry point of view, firms will favor internalization (hierarchically integrated) of foreign market transactions. The institutional arrangements used to organize the international interdependencies which International Business scholars study can be purely market-based, for example arm's length exports using independent distributors. They can use hierarchical processes, when exchange takes place within MNEs or they can be hybrids of both market and hierarchy, and take the form of contracts, as happens in licensing, franchising and in the organization of many vertical value chains (Hennart 2010).

Brouthers and Nakos (2004) established the applicability of transaction cost theory to entry choices of SMEs. They state that Transaction cost relationships identified in previous large firm studies tend to apply to SMEs as well. In addition, SMEs that used transaction cost–predicted international entry modes tended to report higher performance than did SMEs using other modes of entry. Thus Transaction cost theory can be used to help SMEs make better entry mode decisions (Brouthers and Nakos, 2004). Tesfom, Lutz and Ghauri (2004) examined the organization of export-marketing channels for SMEs in developing countries by deriving a qualitative model from Transaction cost and resource dependence theory, to compare the business relationships in the marketing channels between footwear buyers in Netherlands and Uganda and their suppliers. They discovered that the design of the export marketing channels for Uganda and Netherlands differs as a result of the transaction costs involved and conclude that the choice of an efficient transaction governance structure not only depends on factors derived from Transaction cost theory, but also on factors derived from resource dependence theory. On the contrary, Heide and John (1988), argue that some of the predictions of Transaction cost theory are simply irrelevant for small firms. For lack of resources, small firms often cannot consider vertical integration as a feasible alternative. This is the case of many SME exporters in developing countries as the financial markets in these countries are highly imperfect, and as SME exporters in developing countries have weak resource bases. Consequently, it is relevant to complement Transaction cost theory with the concept of resource dependence (Tesfom, Lutz and Ghauri, 2004).

Networks and relationship-based coordination typical of small exporting firms can reduce uncertainty and thereby the Transaction costs associated with inter-firm exchange (Williamson, 2000). Nanoka (1994) suggests that trust relationships among network members can eliminate the Transaction costs associated with monitoring and enforcing the implementation of contracts in addition to the cost of searching for new customers or suppliers, by focusing on and working more closely with fewer firms within a network. The risks of opportunistic behaviour are reduced as a result of mutual investment which can lead to more open communication, a greater sharing of information and ideas, and the co-creation of knowledge.

Though Transaction cost theory is very useful, it has been criticized in the literature. Transaction cost analysis appear to be mainly useful in explaining decisions about vertical integration, for example, a firms decision regarding whether to establish a manufacturing subsidiary in a market

abroad or not. Transaction economics only focuses on transactional characteristics, and relates the problem of governance to the market-hierarchy continuum (Grabher, 1997). The implications of the effect of trust on governance structures are generally ignored in Transaction cost theory (Nooteboom, 2009). Transaction cost theory also ignores the crucial role that informal socially embedded personal relationships have in producing stable relations of trust, obligation and custom among formal independent organizations that often characterize SME network relationships (Ring and Van de Van, 1992). Transaction cost theory unduly assumes that the market can offer the resources needed to incur a certain investment (Tesfom, Lutz and Ghauri, 2004) and displays a bias toward describing opportunistic rather than co-operative relations (Morgan and Ghoshal, 1996).Whilst Transaction cost assumes that coordination of an SME network is already in place without considering the process through which it evolves, it places little focus on the maintenance of such networks aside from their associated costs (Nanoka,1994).

The author argues that Transaction cost theory is relevant to SME internationalisation, as SMEs are resource-constrained and require a mechanism which provides them with cost minimization and efficiency. Consequently, inspite of the above criticisms of transaction cost theory, this study would be viewed from the lenses of transaction cost theory among others. Transaction cost theory would enable the author to examine the extent to which Export Associations assist SME exporters lower transaction costs and achieve transactional efficiency.

3.2.2 The Resource - Based View and Internationalization

Early proponents of the RBV identified characteristics of 'advantage-creating' resources such as: value; rareness; inimitability and non-substitutability (Barney, 1991), the eight criteria of Amit and Shoemaker (1993): complementarity; scarcity; low tradability; inimitability; limited substitutability; appropriability; durability; and overlap with strategic industry factors, and inimitability; durability; appropriability; substitutability and competitive superiority (Collis and Montgomery, 1995). These 'advantage-creating' characteristics have been subsumed into three key criteria of value; barriers to duplication; and appropriability (Fahy, 2000). According to the RBV, the competitive advantage gained by these key intangible assets and capabilities is then reflected in superior performance for the owners of the firm, with superior performance usually measured in financial terms such as higher profits, increased sales or market share (Fahy, 2000).

The early resource-based view of strategy accounted for resources only as "anything which could be thought of as a strength or weakness of a given firm" (Wernerfelt, 1984, p. 172).

Resources (as opposed to products), according to the RBV, are the source of competitive advantage (Barney, 1991). Eventually this limited view was expanded because a distinction between resources and capabilities became necessary: labeling everything as a resource diminished the power of the concept. Resources were redefined as the inputs to the production process such as capital equipment, skills of individual employees, finance, and so on. Capabilities were redefined as the capacity of a group of resources to perform some task or activity (Grant, 1991), and thus they became recognized as the source of sustainable competitive advantage because they are harder to buy or copy than the resources on which they are based (Collis and Montgomery, 1995). Extensive research has tested this relationship between resources, capabilities, and competitive advantage (Wang and Ahmed, 2007). Later developments in the RBV have proposed that organizational knowledge is the ultimate capability (Eisenhardt and Santos, 2002) because it provides the underpinnings for dynamic capabilities (Teece et al., 1997) and prosperity in turbulent, competitive environments (Wu, 2010).

The resource-based view of the firm influences the field of strategic management. Possessing resources that are valuable, rare, inimitable, and non- substitutable can achieve sustainable competitive advantage by implementing fresh value-creating strategies that are difficult for competitors to duplicate (Uhlenbruck et al., 2006; Newbert, 2007). Most empirical work on this area is consistent with the RBV (Barney and Arikan, 2001). The RBV has become a crucial logical consideration in firm strategy development. Consequently, accumulating resources to foster competitive advantage or economic rent has become fundamental to strategic thinking for numerous managers (Wu, 2010). Other dimensions of the RBV are dynamic capabilities, relational capabilities and core competencies which can be harnessed by SME firms for successful internationalization (Teece, Pisano and Shuen,1997; Prahalad and Hamel, 1990).

RBV has been criticized in the literature. The crux of the RBV argument is that firm resources and capabilities, contribute to the development of competitive strategies to improve firm performance. However, resources and capabilities are not valuable in themselves and are essentially unproductive in isolation. Resources and capabilities are 'sources' of competitive advantage, but they do not necessarily contribute to competitive advantage (Newbert, 2008). Peng, Wang and Jiang (2008) argue that particularly in the context of a cooperative relationship, resources do not create value unless they are deployed, transformed, and combined appropriately and effectively. Additionally, the usefulness of the resource-based theory has been challenged for its apparent failure to explain the mechanism that translates resources and capabilities into performance outcomes (Priem and Butler, 2002). One of the problems with studying the RBV is

that it can be difficult to identify a universally acceptable way to define the different resources that can make up a firm, including those that can affect the firm's performance and which can be applied in a variety of ways (Mahoney, 2005).

The author lends support to the foregoing criticisms by arguing that RBV merely focuses on a firm's unique set of resources but ignores the process of identifying such resources especially with respect to small firms, as it is possible for small firms to possess 'unearthed' resources. Furthermore, the author argues that RBV is weak in the sense of limiting firms to merely focus on maintaining their existing resources for competitive advantage, whereas they need to develop and even identify more resources to match the changing environment. In this regard, RBV with respect to SME exporters should be viewed more from the dynamic capabilities perspective which allows resources to be improved and adapted to the constantly changing environment. Notwithstanding the preceding RBV criticisms, RBV is considered relevant to this research. It would be interesting to discover how SME exporters share resources at the network level, and how this enables their successful internationalization. It would also be worthwhile discovering how EAs create competitive advantage for their members.

3.2.3 International Entrepreneurship

Oviatt and McDougall (2005) present the following definition of International Entrepreneurship:

> *International entrepreneurship is the discovery, enactment, evaluation and exploitation of opportunities – across national borders – to create goods and services (Oviatt and McDougall, 2005, p. 540).*

The above definition can be used at different levels i.e. organizations, groups and individuals. Besides relating to the view of entrepreneurship that focuses on start-ups, it also highlights entrepreneurial behavior that becomes evident later on in a firm's development (Zahra et al., 2000). It also is based on a view that focuses on the entrepreneur's ability to interpret the environment differently, which makes the entrepreneur a central player in understanding a firm's development (Andersson, 2000). Zahra and George (2002) view international entrepreneurship as the process of creatively discovering and exploiting opportunities that lie outside a firm's domestic market in the pursuit of competitive advantage. Although International entrepreneurship is argued to have no unifying and clear theoretical and methodological direction (McDougall and Oviatt, 2000), it nevertheless offers a robust conceptual base upon which to examine variants of corporate behaviours related to how to engage foreign markets and the broader area of export entrepreneurship (Ibeh, 2003). Small firms are often opportunistic,

intermittent internationalizers and it is the international orientation of the decision maker, often the owner-manager which is the key to the international activity of the firm (Lloyd-Reason and Terry Mughan, 2002). Ibeh (2003) cites Miesenbock (1988, p42) who states:

> *"the key variable in small business internationalization is the decision maker of the firm. He or she is the one to decide starting, ending and increasing international activities. The external contacts of the decision maker 'seem to be the most important objective characteristic".*

Recent approaches to conceptualise the SME internationalisation process reflects an emerging consensus that SME internationalisation is an entrepreneurial activity (Knight, 2000; Lu and Beamish, 2001). Importantly, the foreignness of the new environment has significant implications for SME internationalisation. The nature of the new environment being entered, relative to the domestic environment and expansion, reinforces the entrepreneurial characteristics of the internationalisation strategy (Lu and Beamish, 2001).

Johanson and Vahlne (2009) and Schweizer, Vahlne, and Johansson (2010), have in their later articles acknowledged that firms do not follow an internationalization pattern in line with the psychic distance concept and step-wise entry mode pattern shown in their early works (Johanson and Vahlne, 1977). They maintain that the basic idea with their model still is relevant and that new patterns can be explained by the fact that the founding entrepreneur already has access to knowledge and relationships prior to the internationalization of a born global firm (Johanson and Vahlne, 2009). In 2010 they explicitly include entrepreneurial capabilities in the model and use Sarasvathy's (2001) effectuation discussion as an important tool to analyze firm's internationalization. However, their discussion still focuses more on organizational networks than on entrepreneurial opportunity creation, ignoring the importance of different entrepreneurial capabilities and proactive behavior (Andersson and Evangelista, 2006). It would appear that the international entrepreneurship tradition has been fruitful in acknowledging an entrepreneurial pro-active view of internationalization (Frishammar and Andersson, 2009) that challenges Johanson and Vahlne' s (2009) more reactive view of internationalization.

Alvarez and Busenitz (2001) create a link between RBV and entrepreneurship, implicitly proposing entrepreneurs as the source of sustained competitive advantage, thus moving the focus of analysis of the RBV from the firm level to the individual level but still in the context of resources. Knowledgeable entrepreneurs can be thought of as those who possess a larger portion

of a number of desirable characteristics that enhance the growth prospects of small firms. The literature identifies a large number of entrepreneurial characteristics as contributing to business growth, e.g. educational and training qualifications, experience, imagination, skills, personal motivation, aspiration reasons, etc. (Smallbone and Wyer, 2000; Dobbs and Hamilton, 2007). Nonetheless, knowledgeable entrepreneurs do not just possess skills. Rather, they have the ability to utilise such skills in a specific context and thus produce measurable benefits for their business (Daskalopoulou and Petro, 2010). Entrepreneurial knowledge, relationships, experience, training, skills, judgment, and the ability to coordinate resources are viewed as resources themselves (Barney, 1991). These resources are socially complex and add value to the firm because they are not easy to imitate or simply created by other firms (Alvarez and Busenitz , 2001). Casson (2005) highlights the key role of entrepreneurial judgment and of successful decisions in volatile and uncertain environments. In an uncertain world, differential access to information generates radical differences in the perception of the business environment and, moreover, entrepreneurs attempt to exploit these differences of perception to their own advantage. So, the defining characteristic of the entrepreneur is judgmental decision making, which is closely allied to risk and uncertainty. The entrepreneur perceives the risk as much lower, however, because of the information in his possession (Daskalopoulou and Petro, 2010).

An important implication of the International entrepreneurship model for practitioners is that they need to constantly evaluate different elements related to internationalization. Especially crucial are the skills, competencies, and management know-how the entrepreneur needs to develop in order to be successful in internationalization (McDoughall and Oviatt, 2000). In order to create the most value, entrepreneurial firms also need to act strategically, and this calls for an integration of entrepreneurial and strategic thinking (Hitt et al., 2001).Thus entrepreneurs can be seen as strategists who find a match between what a firm can do (organizational strengths and weaknesses) within the universe of what it might do (environmental opportunities and threats), (Foss, Knudsen and Montgomery, 1995). The author prescribes a conceptual extension of International entrepreneurship from the firm level to the network level and argues that it is imperative for export networks to develop International entrepreneurial characteristics by creatively discovering and exploiting opportunities that lie outside the network's domestic market in the pursuit of competitive advantage for its members (Zahra and George, 2002).

3.2.4 The Network Perspective of Internationalization

The importance of networking in the international context continues to escalate due to the increasing interdependencies between firms, countries and markets. For new ventures that battle liabilities of foreignness and newness concurrently, the relevancy of networks is magnified even further (Johanson and Vahlne, 2009).

The network perspective of internationalization provides an understanding of entry into foreign markets by young and resource-constrained small businesses and posits that internationalization is a process that takes place through networks of relationships (Johanson and Mattsson, 1986) whose actors within the network provide the resources for internationalization (Hakansson and Snehotha, 1995). In the network context, Johanson and Mattsson (1993, p306) defined internationalization as a *"cumulative process, in which relationships are continually established, maintained, developed, broken and dissolved in order to achieve the objectives of the firm"*. Ruzzier, Hisrich and Antoncic (2006) suggest however, that this definition is fragmented, as it focuses exclusively on relationships, and prefers Johanson and Vahlne's definition stating that " *internationalization is the process of developing networks of business relationships in other countries through extension, penetration, and integration"* (Johanson and Vahlne ,1990, p. 20).

Johanson & Mattsson, (1988) suggest that firms can achieve internationalization in three ways: first, by establishing relationships in a country-based network which is new to the firm (international exertion); second, by deepening the relationships with foreign networks in which the firm has already a position (penetration); and third, by connecting and coordinating networks in different countries (international integration). Networks can be especially useful for SMEs in catching-up economies since it is possible to overcome some of the problems of knowledge and technology as well as capital accumulation. Bonaccorsi (1992) observe that small firms trade and acquire information with one another through their social network, which leads them to imitate one another and speed up export entry.

From the entrepreneurial perspective, networks of individuals and the tacit knowledge they integrate (social capital of entrepreneurs) can be seen as resources themselves. Individual entrepreneurs (and their firms) are connected through networks with other entrepreneurs (companies) in the same industry and a wider (international) environment (Ruzzier, Hisrich and Antoncic, 2006). It is through networks that entrepreneurs get access to resources and information for entrepreneurial actions (Ahokangas, 1998). Networks eliminate small firms ownership disadvantages and their perceived psychic distance, thereby facilitating SMEs entry

into foreign markets (Rutashobya and Jaensson, 2004). Network links between interrelated firms are increasingly recognized as a key organizational growth resource while networking activity facilitates knowledge transfer and learning which in turn define the shape and trajectory of a firm's growth (Macpherson and Holt, 2007). Johanson and Mattsson (1993) state that from the network perspective, the internationalization strategy of a firm can be characterized by the need to minimize the need for knowledge development; minimize the need for adjustment; and exploit established network positions. Theoretical issues raised with regard to networks include the different types of relationships and their properties and also issues such as trust, control, resources, and interdependency within and between firms (Ahokangas, 1998).

The network approach to internationalization has some shortcomings. First, like the Uppsala model, the network approach holds a defensive view on firms' international expansion. Second, although the network approach is very useful for understanding the role of social and cognitive ties in the process of internationalization, it leaves unexamined the role played by knowledge resources other than market knowledge (Naldi, 2008). Despite its shortcomings, network theory can shed light on how the resources, activities, and actors (Hakansson and Snehota, 1995) within networks affect the different dimensions of the internationalization processes of SMEs, whether at the level of individual firms or for groups of firms (Ahokangas, 1998). The network perspective to internationalization is very relevant to this study, as it portrays how Export Associations in Ghana could provide the mechanism for small firms to successfully internationalize inspite of their size limitations. The author advances that export networks with high entrepreneurial orientation are more likely to effectively assist small firms to internationalize.

3.2.5 The Instant International (Born-Global)

Because of lower trade barriers, increased competition and rapid technological development, more and more small and medium-sized firms (SMEs) start their international activities during the first year of their operation or at least very soon after their establishment and a significant part of their total sales is from foreign markets. These types of firms are known by several terms, i.e. early internationalizing firms, born global firms (BG) or international new ventures (INV) (Andersson, 2011). These firms challenge conventional internationalization theories and the long-held belief that the strategic options of small firms are constrained by resource poverty, by directly entering international markets at or near their founding (Oviatt and McDougall, 1994) and by breaking the slow and incremental pattern described in traditional process models of

internationalization. They are small, usually technology-oriented companies that operate in international markets from the earliest days of their establishment (Knight and Cavusgil, 2004). In order to understand the behavior of born globals, scholars have borrowed concepts and theories from the strategic management and entrepreneurship literatures. For example, Knight and Cavusgil (2004) use the resource based view. Other scholars have focused on the entrepreneur and his/her behavior traits and characteristics (Andersson and Evangelista, 2006). As is the case with entrepreneurship research the findings in international entrepreneurship are contradictory (Andersson et al., 2004) and it is not possible to identify one type of "born global entrepreneur". There appear to be many different types of entrepreneurs that create born globals. Another important finding in the born global literature is the importance of personal networks for a rapid international growth (Andersson and Wictor, 2003; Coviello, 2006). A characteristic for a born global firm is that they act in new markets that are hard to predict.

In examining the phenomenon of instant or BG internationalising firms in a number of sectors, authors (Oviatt and McDougall, 1994; Knight and Cavusgil, 1996) have identified sets of entrepreneurial competencies such as: having a global vision; a focused approach to doing business; the ability to recognize technological opportunities and to capitalize on them; and the insight of the founder of the organization. Characteristics of BGs include their early and rapid international expansions (Crick and Jones, 2000; Bell, Crick and Young, 2004); their extensive use of networks (Lu and Beamish, 2001); their concurrent expansion in domestic and international markets (Coviello and Munro, 1997); their lack of resources and experiences (Lu and Beamish, 2001); and their focus on global niche markets (Knight, 2001). BGs tend to have a strong entrepreneurial orientation (Lumpkin and Dess, 1996; Knight and Cavusgil, 2004) that seems to have an influence on their actions and strategies, and on the way they manage networks. In their growth path, BGs undergo a maturation process in which their networks may continue to play a fundamental role (Sepulveda and Gabriel son, 2011). BGs tend to be managed by entrepreneurial visionaries who view the world as a single, borderless marketplace from the time of the firms' founding (Knight and Cavusgil, 1996). According to several works in the field of research on BGs (Oviat and McDougall, 1994; Knight and Cavusgil, 2004; Bell, Crick and Young, 2004; Rialp et al., 2005), the most evident environmental trends triggering their emergence seem to be the following: new market conditions in many sectors of economic activity (including the increasing importance of niche markets for small and medium sized enterprises worldwide), the "ICT revolution" bringing technological developments in the areas of production, transportation and communication, and the increased importance of global networks and alliances. Mort, Weerawardena and Liesch (2012) state that recent attempts to

model the accelerated internationalization of born global firms indicates that the internationalization of these firms is driven by highly entrepreneurial owner managers with a global mindset which allows them to overcome the adversity of resource poverty. Some discussion (Weerawardena et al., 2007) suggests that conventional measures of performance such as profit, return on investment and even market share are inappropriate as the objective of these born global firms is quickly establishing footholds, platforms, in multiple markets overseas. Thus rapid international market entry is the key performance indicator for born globals.

Sharma and Blomstermo (2003) argue that the knowledge based behavioral internationalization process models are suitable for explaining the internationalization process of Born Global firms and that the internationalization process of Born Globals is a matter of learning through networks. They further argue that Born Globals are more willing to adapt their internationalization strategy to the needs of the market. Consequently, it is important that relationships with international firms in the domestic market and/or abroad are built early. Sepulveda and Gabrielsson (2011) suggest that there are three main contributions to BGs by networks. First, networks influence a BG's internationalization speed and processes, including market selection and entry mode (Oviatt and McDougall, 2005,). Secondly, a BG's performance particularly its growth, is influenced by its networks (Zhou, Wu and Luo, 2007). Thirdly, BG's networks are dynamic and are characterized by change across several network elements including structure, content, management and centrality (Rialp et al., 2005). The author observes that in the Ghanaian and developing country context, many small exporters have acted as BGs although they did not possess the requisite resources, qualities and entrepreneurial characteristics of BGs discussed above. Invariably, majority of such small firms have failed. This observation is supported by GEPC statistics indicating a high level of first-time exporters who were unsuccessful and abandoned the export business altogether.

Having discussed various SME internationalization approaches, the author is inclined to support the contingency paradigm position suggesting that no one internationalization strategy can explain all situations for the small firm. The author shares the views of Bell, Crick and Young (2004) that effects of various firm characteristics on export performance are dependent on the specific context of the firm, which is affected by multiple influences within an increasingly complex trading environment. The author argues, nonetheless, that the network perspective to internationalization is perhaps the most effective, considering the risks and complexities involved in the export business and the benefits export networks can confer to small exporters.

3.3 SME EXPORTERS AND THE EXPORT TRADE

3.3.1 The nature and Characteristics of SME Exporters

This thesis focuses on SME exporters and how their export trade capacities could be improved for competitiveness in exporting. SMEs have often been described as improving the efficiency of domestic markets, making productive use of scarce resources and ensuring long-term economic growth in poor countries (Aryeetey and Ahene, 2000; Singh, Garg and Deshmukh, 2008a). SMEs represent one of the fastest growing segments in the economies of various countries (Neupert, Baughn and Dao, 2006) and as their labour intensity lowers capital costs associated with job creation, they contribute in providing job opportunities and act as supplier of goods and services to large organizations (Rutashobya, 2003). Man and Chan (2002) argue that a small firm is not a scaled-down version of larger firms; larger and smaller firms differ from each other in terms of their organizational structures, responses to the environment, managerial styles and more importantly, the ways in which they compete with other firms. Singh, Garg and Deshmukh (2008a) examined the relationship between SMEs and large organizations and observed that majority of SMEs have simple systems and procedures, which allows flexibility, immediate feedback, short decision-making chain, better understanding and quicker response to customer needs than larger organizations. Small firms can exist in tandem with larger firms by offering a flexible, customized product and service, enhanced by intuitive networking and other entrepreneurially-based competences linked to creativity and innovation (Fillis and McAuley, 2000).

SME exporters are a very heterogeneous group, possessing a wide range of sophistication and skills who substantially contribute to country exports (Buatsi, 2002; Fletcher, 2004). Despite the view that SMEs would be swept away with the process of globalization, modernization, economic integration and technological advance, they have become the main target of policies aimed at creating growth and employment in both developed and developing countries (Albaum, Duerr and Strandskov, 2005). The status of SMEs as significant actors in international markets is now well-established and international market development has become an important strategic alternative for the growth of many SMEs (Ghauri, Lutz and Tesfom, 2003; Hinson and Sorensen, 2006). More small firms are becoming involved in international activities, exhibiting behaviours not previously seen (Knight and Cavusgil, 1996) whilst a large number of SMEs have become active and dynamic exporters (Oviatt and McDougall, 2005). Not only are small firms becoming increasingly international, they appear to be entering the international arena at an earlier age than had been the case in previous decades (Andersson, Forsgren and Holm, 2002). At an aggregate level, there is evidence that SMEs with international activities experience

higher growth rates than domestic SMEs and SME export firms tend to be more productive and profitable than those confined to domestic markets (Buckley, 1997; OECD, 2004). A new breed of professional class SMEs are emerging, with owner/managers seeking greater assistance to take their firms forward and identify factors leading to growth and success, yet considerable evidence exists to support the fact that many fail to grow (Storey, 2008).

SMEs account for 25-35 percent of world's manufactured exports, with their export contribution to the GDP quoted at between 4 and 6 percent in OECD countries and 12 per cent in Asian economies (OECD, 2004). Country-specific figures also suggest that SMEs account for 40 percent of total exports in South Korea and 56 percent in Taiwan (OECD, 2004). Regrettably, this picture of SME export vibrancy does not reflect the reality in the less performing developing countries (Ibeh, 2004), as for example in Ghana, SME exporters contribute only 25 percent to total exports (GEPC, 2009). Owing to global competition, technological advances and changing needs of consumers, competitive paradigms are continuously changing. As a result of the nature of today's marketplace, SMEs are increasingly facing similar international problems as those of larger firms (Ruzzier, Hisrich and Antoncic, 2006). Wignaraja (2003) observes that East Asian developing countries have a higher proportion of dynamic SMEs who have expanded their existing domestic market shares, broken into new export markets and continuously upgraded their products and processes and have developed a solid base of competitive capabilities.

In contrast, the majority of SMEs in developing countries in sub-saharan Africa have been slow to reap the benefits of globalization. They have not made the requisite investments in export capabilities and have not engaged in clustering so their export performance has suffered as a result. Furthermore, such SMEs are also increasingly under threat at the domestic markets from cheap imports and the entry of foreign firms (Coviello and Munro, 1997; Ibeh, 2003; Tesfom and Lutz, 2006). SMEs are under tremendous pressure to sustain their competitiveness in domestic as well as global markets (Ruzzier, Hisrich and Antoncic, 2006) and are in most need of requisite resources and key organizational capabilities, including ability to develop channel relationships, networking, planning and searching for export-related information (Ibeh, 2003). Improved communication systems and the deregulation of tariff barriers has resulted in the world getting smaller with SMEs being pushed towards and pulled away from international markets (Nummela, 2011). As SMEs are considered the catalyst for export growth for developing countries, there is the need to create an environment that will stimulate SMEs' competitiveness in the globalized markets (Wignaraja, 2003; Rutashobya and Jaensson, 2004).

While the literature is in agreement that internationalization will benefit the performance of many firms, the relationship is less clear-cut for SMEs mainly due to concerns about their internal constraints and ability to compete in international markets (Ibeh,2003). Export problems can be defined as the attitudinal, structural, operational and other constraints that hinder a company's ability to initiate, develop or sustain international operations (Koksal and Kettaneh, 2011). Lall (1991), defined export marketing problems as gaps which need to be filled before the competitive producer becomes a successful exporter. Although there is a growing body of knowledge that suggests that export problems are time, industry, state and country-specific, most of the export problems of SME firms in developed and developing countries have similarities (Ghauri, Lutz and Tesfom, 2003).

3.3.2 Categorization of SME Exporters Problems

Tesar and Tarelton (1982) distinguish between start-up export problems and problems associated with on-going export operations. They found that initiating issues involved identifying overseas opportunities, export documentation and start-up costs, while on-going issues involved representation, servicing foreign markets, differences in consumers and standards, securing payment and costs. Similarly, Scharf et al., (2001) distinguished between initiating problems and on-going problems, with initiating problems relating to lack of experience or knowledge and on-going issues relating to greater involvement with foreign markets. Leonidou (2004) differentiated internal barriers (those associated with an exporting organization's resources, capabilities, and approach to exporting) from external barriers (barriers stemming from the host environment, including foreign rules, regulations, tariff barriers, and different customer habits), stressing the need for small firms to identify and overcome both. Buatsi (2002) cites ITC's distinction between pre-shipment and post-shipment financial needs of small exporters. Pre-shipment finance is needed to provide the working capital between the time of receipt of an export order and the time of shipment, whilst post-shipment finance is the finance needed to bridge the gap between the time of shipment and the receipt of export proceeds. Tesfom and Lutz (2006) suggest that the export marketing problems of SME manufacturing firms in developing countries are multi-dimensional and closely interrelated, and classify them into five categories: company barriers; product barriers; industry barriers; export market barriers and macro environment barriers. The author argues that the categorization of small exporters' problems is valuable as it provides a comprehensive basis for understanding small exporters' limitations and is useful for policy interventions and the development of export assistance programmes.

3.3.3 Small-Size Limitations

As discussed in chapter one, SMEs can play a key role in triggering and sustaining economic growth and development in developing countries. However, this potential role is often not fulfilled because of problems characterizing SMEs related to their size, which can often act as a significant disadvantage (UNIDO, 2006). There is a view that the size of a firm does not make any difference in terms of its exporting activities, needs or attitudes (Czinkota and Johnson, 1985; Reid, 1987; Wolff and Pett, 2000). This school of thought believe that any firm regardless of size can compete globally and that success is a function of perspective, opportunity, motivation, knowledge, skills and luck. International opportunities are plentiful, and the challenge for firms is to identify those opportunities as they fit the capabilities available to the firm to develop an appropriate marketing strategy (Muhlbacher, Leihs and Dahvinger, 2006). A contrary view is that smaller and younger firms may be particularly susceptible to export barriers, as resource constraints and organizational limitations increase their vulnerability (Katsikeas and Morgan,1994; Tesfom and Lutz, 2006). This vulnerability is manifested in terms of SMEs lack of purchasing power; acquisition of resource inputs or of economies of scale in production; restricted access to finance; narrow profit margins that impede expansion and investment in innovation and product improvement; and participation in new market opportunities (Leonidou, 2004; UNIDO, 2005; Harvie, 2007). It remains undisputed that firm size has a direct impact on export performance, implying that firm size is an indicator of a firm's resource base (Barney, 1991; Dhanaraj and Beamish, 2003).

By the very nature of their size, both tangible and intangible resource constraints have often been cited as among the endogenous factors inhibiting small firm internationalization (Rutashobya and Jaensson, 2004). Small firms lack financial resources, management and marketing skills, previous export experience and export knowledge. Small firms lack command of foreign language, cultural experience, poor knowledge of foreign markets and fear of foreign market risks (psychic distance). They also face financing problems, technical barriers, and cumbersome export procedures (Ibeh, 2003; Rutashobya and Jaensson, 2004). In his attempt to explain the existence of large multinational companies, Dunning (1997) cites ownership advantages as among the facilitating factors, which is lacking in small firms. Neupert, Baughn and Lam, (2006) cite Bilkey (1978) who observe that lack of finances, foreign government restrictions, inadequate knowledge of foreign sales practices, inadequate distribution and lack of foreign market contacts were common problems in exporting faced by small exporters. Exporting may also be inhibited by the SME's limited resources and management skills, language inability, cultural differences, poor knowledge of foreign market information, management and marketing skills and psychic

distance (Katsikeas and Morgan, 1994; Fletcher, 2004). Owing to small-size, individual SMEs are often unable to capture market opportunities which require large production quantities, homogenous standards, and regular supply. By the same account, they experience difficulties in achieving economies of scale in the purchase of inputs such as equipment, raw materials, finance, consulting services (UNIDO, 2006). Thus SMEs have to find alternative sources or develop core competencies to compensate for their size disadvantage (Ghauri, Lutz and Tesfom, 2003). Pricing is an important problem for small exporters (Katsikeas and Morgan,1994; Leonidou, 1995). Small exporters' inability to offer the right prices makes export sales difficult, and negatively affects company export, market share and profitability. This could stem from increases in the unit cost of goods sold due to the additional costs of modifying the product, packaging for the export markets, higher administrative, operational and transportation costs, high tariffs, taxes or fees and higher costs of marketing (Koksal and Kettaneh , 2011).

To compensate for their size disadvantage and organizational limitations and to obtain the needed support for their respective businesses, the author argues that it is prudent for SME exporters to join and actively participate in export networks. On the other hand, it is incumbent on Export networks to be sensitive to the needs of SME exporters and to provide the expected support to their members.

3.4 THE ROLE OF EXPORT NETWORKS IN THE EXPORT TRADE

3.4.1 Social Exchange Theory

Originating in the 1950s and based on psychology, Social Exchange Theory (SET) embraces the fundamental concepts of modern economics as a foundation for analyzing human behavior and relationships to determine social structure complexity (Shiau and Luo, 2012). While its origins are at the individual level, social exchange theory has been extended at organizational and inter-organizational levels and divided into to the different types of exchange Das and Teng (2002).

The social exchange model states that people and organizations interact to maximize their rewards and minimize their costs and proposes that social behavior is the result of an exchange process whose purpose is to maximize benefits and minimize costs (Lee, Mohamad and Ramayah , 2010). According to this theory, people weigh the potential benefits and risks of social relationships. When the risks outweigh the rewards, people will terminate or abandon that relationship (Gronroos, 2004).Unlike macro and micro economic theories, which were designed to examine economic exchanges, social exchange theory was designed to examine interpersonal exchanges that were not considered to be purely economic. As such, the theory analyses people's

social behaviour in terms of exchanges of resources (Shiau and Luo, 2012). According to the theory, exchange is created and maintained by the scarcity of resources, prompting actors to engage with one another to obtain valuable inputs (Das and Teng, 2002). Apart from trust, elements of social exchange include equity, conflict and opportunism (Bignoux, 2006).

The first assumption of SET is that exchange parties intend to obtain benefits from their relationships that would not be achievable on their own. Benefits can also include non-economic rewards derived from increasing their partner's utility (Groonroos, 2004). SET's second assumption is that relationship outcome evaluation is at the basis of relationship maintenance and growth (Groonroos, 2004; Bignoux, 2006). . In contrast to pure economic exchanges, the benefits from social exchange often are not contracted explicitly, and it is voluntary to provide benefits. Thus, social exchange theory focuses on the social relations and personal ties among the actors that shape the exchange of resources and benefits. Personal ties are the bonds that result from successful, mutually rewarding interactions over time founded upon trust, reciprocation and reward Lee, Mohamad and Ramayah (2010).

Social exchange theory involves elements essential to the successful functioning of networks such as the norm of reciprocity and embeddedness. The early permutations of SET stem from Gouldner's (1960) norm of reciprocity, which suggests that people should help those who have helped them, and people should not injure those who have helped them. (Lee, Mohamad and Ramayah , 2010) state that actors are expected to reciprocate benefits conferred to them in the context of networks and relationships and suggesting that people ought to return benefits given in order to keep network relationships going. When reciprocity is perceived to exist between or among actors, the relationship is reinforced. In the network context, beneficial knowledge sharing is contingent on the network actor's willingness and ability to share resources. Network members therefore must be willing to support each other. Therefore reciprocity needs to be present with network members willing to support and challenge each other (Bignoux, 2006); Lee, Mohamad and Ramayah , 2010).

Embeddedness refers to the fact that exchanges within a network typically have a history which results in the customization and stabilization of linkages amongst members. As time enfolds, actors do not respond solely in accordance with their own interests but rather in line with the social procedures in place. This is due to the fact that actions taken by one actor is constrained due to the effects that they could potentially have on other members in a network (Granovetter, 1985, Moran, 2005). Relational and structural embeddedness have been receiving increasing

levels of attention international business. Relational embeddedness stresses the quality or closeness of relationships with partners while structural embeddedness stresses the configuration of relationships that locates a firm in its network structure (Andersson et al., 2002; Moran, 2005). The two forms of embeddedness each have different influences on corporate behaviour (Moran, 2005) with especially different impacts on entrepreneurship (Simsek et al., 2003). The embeddedness approach assumes that the network of relationships between organizations shapes economic action by creating and accessing unique opportunities. Tsai and Wen, (2009) state that this is based on the idea that an organizational network operates on exchange logic, which is different from market logic, the fact being that exchange within a group is based on a continuous social network which provides or constrains a group's accesses and opportunities. The author deems social exchange theory useful to this study as it would provide a basis for understanding the nature and extent of reciprocity and embeddedness among SME exporters in Export Associations.

3.4.2 Categorization of Export Networks

Ghauri, Lutz and Tesfom, (2003) identified various definitions of networks in the literature. The first set of definitions they identify focus on the exchange dimensions in two or more connected relationships (Anderson et al., 1994; Cook and Emerson, 1978). Another set of definitions they identify focus on the bond or social relationships that link loosely connected organizations (Aldrich, 1979; Lundgren, 1995). Ghauri, Lutz and Tesfom, (2003) further identify a third set of definitions (Hakansson, 1989; Van de Ven and Ferry, 1980; Hakansson and Snehotha, 1995) which describe a network as a total pattern of relationships within a group of organizations where firms recognize that the best way to achieve common goals is to co-ordinate the business system in an adaptive fashion. Grandori and Soda (1995, 2006) distinguish network forms according to their characteristic mix of co-ordination mechanisms. They identify three types of networks: (i) social networks, such as parity-based personal networks, certain forms of industrial districts and centralized arrangements such as sub-contracting; (ii) bureaucratic networks such as trade associations and consortia, which are formalized in exchange or associational contractual agreements; and (iii) proprietary networks such as joint ventures and capital ventures, which include inter-firm cross-holding of equities and property rights.

UNIDO (2009) suggests that networks and clusters are different yet linked phenomena. Networks are alliances of firms that work together towards an economic goal and can be established between firms within clusters but also exist outside clusters. On the other hand, clusters are agglomerations of interconnected companies and associated institutions that produce similar or related goods or services and are supported by a range of dedicated institutions located

in spatial proximity, such as business associations or training and technical assistance providers. Ghauri, Lutz and Tesfom, (2003) distinguish between vertical networks (subcontracting networks) and horizontal networks (export grouping networks). They define vertical networks as marketing channel networks or co-operative relationships between suppliers, producers and buyers, aimed at solving marketing problems, improved production efficiency or the exploitation of market opportunities. On the other hand, horizontal networks or export-grouping networks are co-operative network relationships among firms who want to solve a common marketing problem, improve production efficiency, or exploit a market opportunity through resource mobilization and sharing. Perhaps, it is appropriate at this stage to recap that this research focuses on horizontal networks, defined in the context of this study as product-based export groups consisting of small exporters in Ghana.

Hakansson and Snehota (1995) argue that an understanding of relationships between network member firms is fundamental to an understanding of the network process. They identified two key characteristics of business relationships; structural characteristics and process characteristics. The main structural characteristics are continuity, complexity, symmetry and informality. The process characteristics are adaptations, co-operation and conflict, social integration and routinization.

3.4.3 SME Exporters' Rationale for Joining Export Networks

Networking arrangements, whether in the form of export consortia, clusters, entrepreneurial networks or international ethnic ties have been shown to mitigate, for the smaller firms, some of the size and experience-related difficulties associated with export venturing (Coviello and Munro, 1997). Through networking, individual SMEs can address the problems related to their size and improve their competitive position (Singh, Garg and Deshmukh, 2008). Partnering through networks and clusters is an alternative way for many resource-constraint developing country small enterprises to end their isolation in the current liberalized and globalized world and to become competitive in foreign markets. Small sized firms may have to rely on networks and relationships to overcome their size disadvantages as they internationalize (Madhok, 1997; Rutashobya and Jaensson, 2004). SMEs suffer from the liability of smallness, the liability of newness and the liability of unconnectedness (network relationships). To succeed, SMEs need networks in order to find alternative sources or develop core competencies to compensate for their size disadvantage (Ghauri, Lutz and Tesfom, 2003).

(a) Access to Resources and Markets

The logic of horizontal export grouping scheme is that companies are able to improve their performance in foreign markets by acting together, with resources being pooled and costs, information and experience being shared (Welch and Joynt, 1987). Welch et al., (1996) suggest that there are three key reasons why firms seek network relationships. The first is 'complementarity' between organizations, which facilitates effective acquisition of resources; the second is knowledge creation through the combination of existing knowledge and skills between the firms ; and the third is exploitation of network access to have a level of influence over other firm's resources in order to reduce uncertainty, improve stability and remain competitive (Easton, 1992). SME exporters require several resources, from information and capital to symbolic support such as legitimacy (Singh, Garg and Deshmukh, 2008). Given SME resource constraints, they often form ties with outside entities in an effort to provide many of these critical resources (Dubini and Aldrich, 1991). O'Reilly and Haines (2004) studied two networks; Parma Ham in Italy, and Saveur des Pyre'ne'es in France and Spain and discovered that enterprises joined these networks to improve access to resources, leverage collective economies of scale and to access new markets and market information. They found networks to enhance product promotion, quality assurance and access to information. A key benefit of networks for the entrepreneurial process is the access they provide to information and advice in order to recognize entrepreneurial opportunities (Singh, Garg and Deshmukh, 2008). Ties to venture capitalists and professional service organizations, for example, are a means for tapping into key talent and market information (Hoang and Young, 2000).

Inter-firm co-operation also gives rise to a collective learning space, an "invisible college", where ideas are exchanged and developed, and knowledge shared in a collective attempt to improve product quality and occupy more profitable market segments (Best,1998). Involvement in international business networks can drive the rapid and successful growth of start-up firms on international markets, where the network connections guide their foreign market selection and provide a mechanism for foreign market entry (Coviello and Munro 1995). Many companies in developing countries have used networks as a mechanism to break export-marketing barriers (Welch et al., 1996; Ceiglie and Dini, 1999).

(b) Need for Social Capital

Social capital is the sum of the actual and potential resources embedded within, available through, and derived from a relationship network (Nahapiet and Ghoshal, 1998; Greve and

Salaff, 2003). Smitha and Lohrkeb (2007) state that besides providing access to economic resources, social capital derived from networks is important because it can provide the entrepreneur access to useful, reliable, exclusive, and less redundant information, which, in turn, improves exporters likelihood of success . In addition, social capital serves as both a product of the entrepreneurial network and an enabler of continued network development, facilitating co-ordination and co-operation of network ties by bonding the parties involved (Anderson and Jack, 2002). Relationships are regarded as a source of social capital for SMEs. Social capital, trust and human variables play an important role in binding individual firms or entrepreneurs into value adding relationships, which enable them to minimize or overcome their disadvantages of smallness and isolation, as well as overcome the problems associated with unknown markets and psychic distance, and minimising transaction costs (Rutashobya and Jaensson, 2004). Social capital facilitates individuals' actions such as recognizing business opportunities and learning (Ratten and Suseno, 2006).

(c) Cost Benefits

Transactions costs among firms can be lowered in many ways by networks or clusters through improving the flow of information, by creating risk-reducing 'guarantee' mechanisms and by creating a more trusting society. Effective cooperation pays off in some combination of lower costs and the resulting higher competitiveness, higher profits and/or wages, better working conditions, greater capacity to respond quickly leading to increased productivity (Berry, 1997).
On account of the common problems they all share, small enterprises are in the best position to help each other. Through horizontal co-operation, enterprises can collectively achieve scale economies beyond the reach of individual small firms and can obtain bulk-purchase inputs, achieve optimal scale in the use of machinery and pool together their production capacities to satisfy large-scale orders (Pyke, 1992). The advantages of co-operation among SMEs is usually derived from economies of scale (in purchases, sales, investment in infrastructure, dealing with the public sector, etc); the benefits of dissemination of information (on technology, markets); or the benefits of division of labour, which can best be reaped when transactions costs are low (Berry, 1997).

(d) Demands of the Global Market

Global competition does not exclude that some firms in the same business may cooperate in order to realize their marketing objectives (Rutashobya and Jaensson, 2004). As the global economy becomes more integrated and economic liberalization takes root in developing countries, indigenous SMEs will have to network and build alliances to be able to survive and compete effectively. This would enable them to derive the potentially beneficial effects arising from closer co-operation in conjunction with relevant supportive institutions to overcome locational or regional disadvantages (Wignaraja, 2003; UNIDO, 2006). Cooperation is a required response to intensified global competition and joint action is seen as essential for responding successfully to major challenges in business involving developing countries (Rutashobya and Jaensson, 2004). In order to respond to the increased pressures by the globalization process and benefit from global market opportunities, SMEs have begun facing two main challenges: firstly, to transform themselves and increase their individual competitiveness (Fassoula, 2006), and secondly due to their limited size, to take advantage of synergy effects created by entering into cooperative relations with other SMEs and related partner institutions (Singh, Garg and Deshmukh, 2008).

The degree of sophistication and expertise required to produce goods at internationally acceptable standards has made it necessary for firms to cooperate in their operations. For industries to succeed in the current economic environment, forming horizontal and vertical linkages is important (Hussain, 2000). Networks provide sharing of product, manufacturing technology, marketing, R&D know how and resources. Through alliances and collaborations, new product design and development, as well as manufacturing capabilities are internalized and effectiveness of value chain can be improved (Sharma, Krishnan and Grewal, 2001). Sharma and Morrissey (2006) observe that trade through strategic partnerships, cooperation and joint capacity building has underpinned the rapid economic growth of the countries of East Asia.

(e) Uncertainty Avoidance

Uncertainty avoidance has also been cited as a justification for SME exporters in joining networks. There is a strong view that environmental uncertainty or the absence of sufficient reliable information about environmental events and the inability to predict external changes can hinder success or cause failure for SMEs (Nonaka, 1991; Babakus, Yavas and Haahti, 2006). SME firms therefore employ networking strategies to cope with uncertainty they perceive in

their environment and consequently improve their export performance (Babakus, Yavas and Haahti, 2006). Evidence from past research suggests that increasing networking in response to uncertainty is positively associated with performance (Aldrich, Rosen and Woodward, 1987; Ostgaard and Birley, 1996). Nonaka (1991) notes that in an environment where the only certainty is uncertainty, networking or contacts with a variety of people can help SME managers to select and interpret information about complex external phenomena. Networks enable SME managers to trade upon ambiguity and alleviate environmental uncertainty and can serve as an important scanning and interpretation mechanism for decision makers as they respond to the uncertainty they perceive in the environment (Johansson, 1989). Networks also reduce the uncertainty and vulnerability associated with the design and introduction of new products and contacts or personal networks also offer a structure for the firm's intelligence generation (Jaworski and Kohli, 1993). Thus decision makers who have cosmopolitan ties in foreign countries are better positioned for export success (Ellis and Pecotich, 2001). Firms operating globally that succeed are those that perceive the changes in the international environment and are able to develop strategies which enable them to respond accordingly (Hamel and Prahalad, 1996). The key to SME's long-term viability and competitiveness is their ability to innovate through drawing upon local as well as global knowledge flows and maintaining their global competitiveness, which will depend upon their access to knowledge (Harvie, 2007).

(f) Other Benefits

Network relations provide emotional support for entrepreneurial risk-taking and this in turn is thought to enhance persistence to remain in business (Gimeno et al., 1997). Relationships can also have reputational or signaling content (Higgins and Gulati, 2000). In the uncertain and dynamic conditions under which entrepreneurial activity occurs, resource holders seek information that helps to gauge the underlying potential of a venture. Entrepreneurs seek legitimacy to reduce this perceived risk by associating with or by gaining explicit certification from well-regarded individuals and organizations (Shane and Cable, 2001). Positive perceptions based on a firm's network linkages may in turn lead to subsequent beneficial resource exchanges (Hoang and Antonsic, 2003). Case studies of two horizontal manufacturing networks by Human and Provan (1996) revealed that relationships among firms in the network were more multiplex (involving friendship, information, and business exchange) than between comparable firms who did not actively participate in a network. Rutashobya (2003) observes that in developing countries, the usual role of SME networks is to further the interests of and respond to external events of their members. On behalf of their members, they present business viewpoints and

suggestions to governments and lobby them on the enabling environment. Apart from lobbying, they provide limited services to their members on market opportunities, tax and legal matters. Karisson, Johansson and Stough (2005) observe that the reliance on networks is not constrained to the start-up stage. Experienced entrepreneurs continue to rely on networks for business information, advice, and problem solving, with some contacts providing multiple resources. Discussions in this section so far reveal that SME exporters have several expectations in joining export networks, particularly the expectation to be assisted to circumvent resource and size constraints. It is therefore imperative that Export networks clearly understand the various needs of small exporters and factor them into their strategies and programmes.

3.4.4 Challenges Facing Export Networks

Various forms of industry linkages have risks and hidden costs (UNIDO, 2004). These include dependency on partners, disclosure of competitiveness 'secrets', reduced management control and reduced individual company flexibility. While increasing size may be an indication of a network's growing success, growth in size often comes at some costs. It increases difficulties of coordinating operations as more partners have to be consulted. An expanded bureaucracy can cause a loss of efficiency and slow-down decision-making. In the same way the multiplier works forward, it also works backward. Negative impulses (such as a drastic change in consumers' taste) will have multiple negative effects which will tend to reduce the demand for the network's products or services (UNIDO, 2004).

Leonard (1983) studied an initiative to group small firms in order to improve their export performance in Norway in 1981, and reported that two out of three groups were unsuccessful. In one group, the main reason for failure was a high degree of interpersonal conflict, whilst in the second group, members could not agree on the target foreign market. Similarly, Kautonen (1996) studied 14 export grouping networks of furniture producers of the Lahti region in Finland, reporting that four groups were evaluated as total failures due to bankruptcies, personal conflicts between firm managers or incompetent or dishonest export consultants. Hidden agendas of network members and competition instead of cooperation can also incur risks and costs. For instance some joint-ventures between firms that have hidden agenda may turn to be learning races, in which each partner tries to accumulate more knowledge about how the other conducts business in the shortest period of time (UNIDO, 2004).

3.4.5 Export Networks and Institutional Support

Cook (1996) identified four key agents as support facilitators for export networks: (i) Governments channeling support through macro policy and direct assistance programmes; (ii) Informal and formal arrangements within small-scale sectors and through linkages between large and small-scale enterprises and sectors; (iii) Local agents such as local associations, non-government agencies, and private commercial organizations; (iv) International donors. Cook, (1996) further observe that Government policy and support for inter-firm cooperation can be indirect or direct. Biggs and Shah (2006) observe that in some countries, private institutional networking arrangements receive support from governments and NGOs. They cite prominent examples of support for inter-firm relationships and informal credit arrangements in many Asian countries and transition countries in Eastern Europe, as well as in the satellite networks of Japan, the industry clusters of Taiwan, and the industrial districts of Italy and the United States. Berry (1997) argues that effective institutional support and policies to foster effective inter-firm linkages and cooperation largely overlap with those which contribute to healthy SMEs in a more general sense. It is thus inappropriate and unrealistic to treat policies to support inter-firm linkages independently of overall SME support. Strong overall support for SMEs, together with some special support for linkages, will have the added benefit of making such linkages easier to achieve and more productive (Berry, 1997).

It is the author's view that as SME export networks are an amalgamation of resource-constrained small exporters, their survival largely depends on attracting resource-support from stakeholders for the benefit of their members. Given the enormity of this responsibility, the author argues that export networks need to be well-positioned in order to attract financial and non-financial support from government, the private sector and international donor sources. One of the goals of this research is to examine the nature and flow of resource-support to EAs and SME exporters, and to evaluate how that impacts on EAs' performance.

3.4.6 Export Networks and Organizational Culture

Organizational culture refers to a set of shared values, belief, assumptions, and practices that shape and guide members' attitudes and behavior in the organization (O'Reilly and Chatman, 1996; Wilson, 2001) and has been characterized by the way things are done in an organization (Deal and Kennedy, 1982).Peters and Waterman (1982), held that successful organizations possess certain cultural traits of "excellence". They identified eight key attributes which organizations needed to possess, in order to achieve their search for excellence, which are described as follows: (i) A bias for action, rather than too much planning or waiting for

something to happen; (ii) Keeping close to the customer by learning from the people they serve and providing a high quality and reliable service; (iii) Fostering autonomy and entrepreneurship through encouraging the development of leaders and innovators throughout the organization and supporting creativity and risk taking; (iv) Developing productivity through people by recognizing that the main productivity gains could be achieved by employees rather than through capital investment; (v) Practising a hands-on, value-driven approach by concentrating on achievements rather than technological or economic resources or organizational structure; (vi) 'Sticking to the knitting' by staying close to businesses that are already known; (vii) Organizing a 'simple form' and 'lean staff' structure so that the organization remains uncomplicated with relatively few top-level staff; (viii) Maintaining simultaneous loose-tight properties: both centralized and decentralized, with autonomy pushed down to the shop floor. The author argues that though the above cultural traits of 'excellence' are discussed by Peters and Waterman (1982) at the firm level, they are applicable at the network level.

Schein (1984) explained organizational culture at three levels: basic assumptions; values; and artefacts (i) Basic assumptions are unconsciously held learned responses which determine how group members perceive, think and feel. (ii) Values and beliefs are part of individuals' consciously held conceptual apparatus, which they use to justify their actions and evaluate outcomes. (iii) Artefacts are office layout, dress codes, to stories, myths and symbols. All three levels of an organization's culture are extremely powerful determinants of organizational life, and are intuitively incorporated into the actions of executives who use them to manage people, formulate strategy and induce organizational change (Brown, 1998). Similarly, the author argues that the above three levels of organizational culture described by Schein (1984) could be intuitively incorporated into the actions of Export Association leaders to manage Export Associations.

Tseng (2010) cites Pillania (2006) who argues that organizational culture is crucial for successful knowledge management and has a significant effect on knowledge creation capability. Organizational culture is an important driving force behind all the movements in the organization (Barney, 1986) and has also been recognized to have an important role in assuring efforts in organizational change (Brown, 1998; Pool, 2000). Organizations can be thought of as cultures, and culture influences everything an organization does (Peters and Waterman, 1982). Pool (2000) suggests that organizational culture allowed an organization to address ever-changing problems of adaptation to the external environment and the internal integration of organization resources, personnel and policies to support external adaptation. Therefore, it is

expected that certain types of culture might facilitate the change process while other types of culture might not. Organizational culture can be a powerful tool for effective corporate leaders and can improve a company's performance (Brown, 1998). Ouchi (1981) identified a relationship between corporate culture and increased productivity whilst Kennedy (1982) showed the importance of a "strong" culture in contributing towards successful organizational performance. Despande and Farley (1999) studied the relationship between corporate culture and market orientation in Indian and Japanese firms. They found that the most successful Indian firms had entrepreneurial culture, while the Japanese firms had entrepreneurial and competitive culture. The author argues that 'organizational culture' conceptualized for large firms is equally applicable and relevant to small firms. The author further argues that organizational culture as applied at the firm level in the above discussions could be usefully applied at the network level. On this basis, the author advances that Export Associations need to develop an organizational culture incorporating the "excellence" factors of Peters and Waterman (1982) as well as a culture which encapsulates 'Dynamic Capabilities'; 'Entrepreneurial Orientation'; 'Actor bonds, Activity links, Resource Ties' and 'Trust'. These concepts will be fully discussed later in this chapter during the development of the study's conceptual framework.

3.4.7 Structure and Management of Export Networks

Network governance mechanisms thought to undergird and coordinate network exchange has been studied in network literature. Trust between partners is often cited as a critical element of network exchange that in turn enhances the quality of the resource flows (Lorenzoni and Lipparini, 1999). Network governance has also been defined by the reliance on ''implicit and open-ended contracts'' that are supported by social mechanisms, such as power and influence and the threat of ostracism and loss of reputation rather than legal enforcement (Thorelli, 1986). A number of scholars have asserted that these distinctive elements of network governance can create cost advantages in comparison to coordination through market or bureaucratic mechanisms (Lorenzoni and Lipparini, 1999; Jones, Hesterly and Borgatti, 1997). In particular, mutual trust as a governance mechanism is based on the belief in the other partner's reliability in terms of fulfillment of obligation in an exchange and allows both parties to assume that each will take actions that are predictable and mutually acceptable (Das and Teng, 1998). Trust in networks also affects the depth and richness of exchange relations, particularly with respect to the exchange of information (Lorenzoni and Lipparini, 1999).

The management literature is replete with theories on what management entails. Two relevant models for network management from a review of the literature are the management models

stressing on 'what managers do' by Fayol (1949) and Mintzberg (1973). Fayol (1949) defined management as comprising five elements: Planning – 'Examining the future and drawing up the plan of action'; Organizing – ' Building up the structure, material and human, of the undertaking'; Commanding – 'maintaining activity among the personnel'; Coordinating – binding together, unifying and harmonizing all activity and effort; and Controlling – seeing that everything occurs in conformity with established rule and expressed command. Mintzberg (1973) observed what managers did at work and built up a model of typical managerial behavior which looked at different managerial roles. He identified Interpersonal roles; Informational roles; and Decision-making roles. Interpersonal roles involved figurehead; leader; and liaison. Informational roles involved monitor; disseminator; and spokesperson. Decisional roles involved entrepreneur; disturbance handler; resource allocator; and negotiator (Mintzberg, 1973). The author argues that Export Network leaders or Export Associations can capably achieve results for their respective Associations if they effectively plan, organize, command, coordinate and control resources and activities of their Associations, and also if they effectively play their interpersonal, Informational and Decision-making roles.

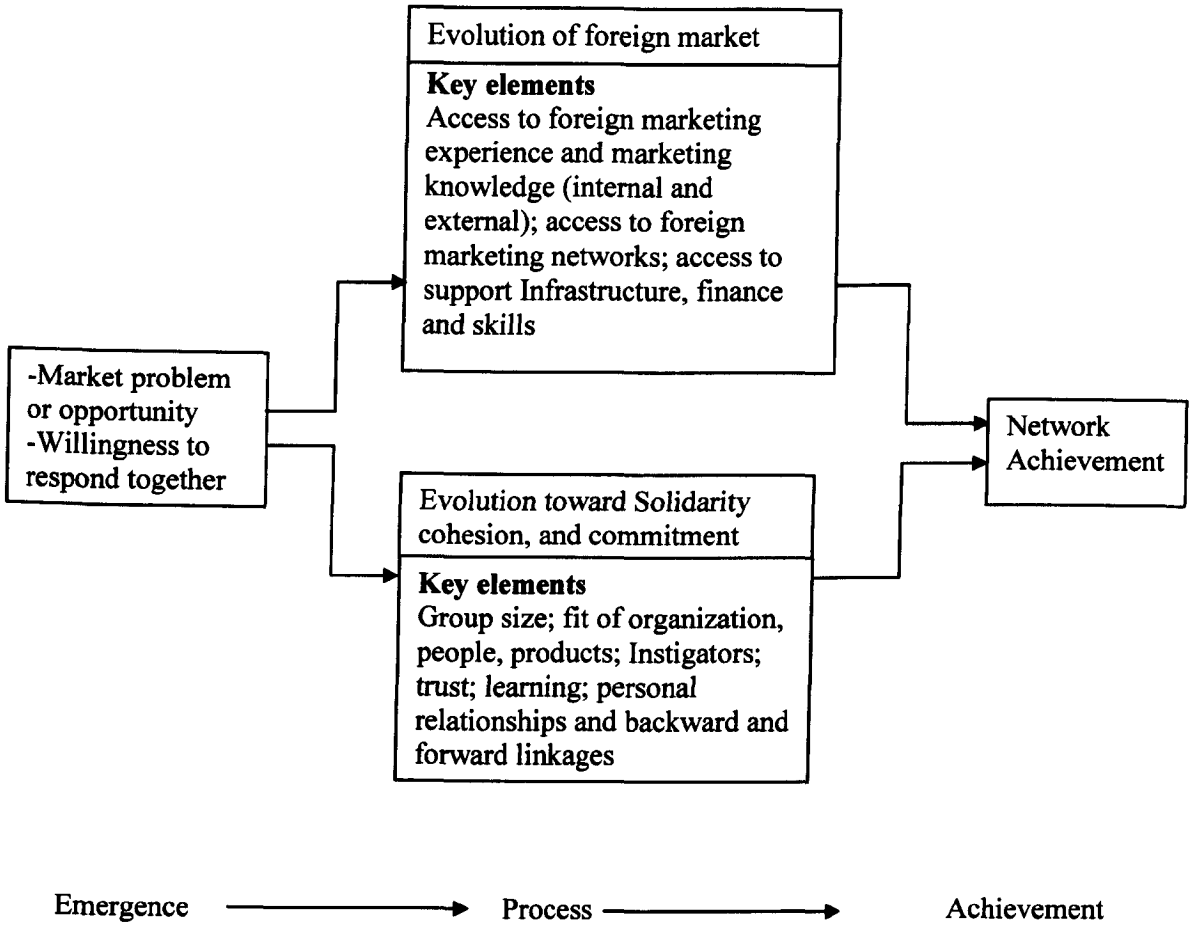
Thorelli (1986) states that network management involves marketing, technology transfer, information exchange, accounting and finance, as well as public and interpersonal relations. Juttner and Schlange (1996) propose a systematic framework for developing a network, based on the following questions: (i) what is the strategic situation to be analyzed?; (ii) upon which actors to focus?; (iii) who determines the nature of the relationships?; (iv) what part in the network does each actor play?; and (v) what leverage and what steering potential does each actor have?. Ford, Ford and d'Amelio (2002) present three elements of management in networks: network pictures, networking, and network outcomes. Network pictures refer to the views of the network held by participants in that network and constitute the basis for the actors' perceptions of what is happening around them and of actions and reactions in the network. Networking encompasses all of the interactions of a company or individual in the network. Network outcomes are continuously produced by networks, and the nature of network outcomes can be understood in terms of three dimensions: actors, activities, and resources (Ford, Ford and d'Amelio, 2002). The author argues that the effectiveness of export networks to a large extent depends on their structure and management. The structure and management systems of EAs will be therefore examined, to ascertain their effectiveness and how the structures impact on SME exporters' performance. Essentially, the role of trust as a key governance factor would be examined.

3.4.8 Export Networks and SME Exporters' Performance

Networks have a significant positive influence on export performance and SMEs which have ties with foreign entities demonstrate better export performance (Babakus, Yavas and Haahti, 2006). Chetty and Holm (2000) examined the role of networks in the internationalization of four manufacturing SMEs and found that networks can help firms to expose themselves to new opportunities and obtain knowledge. Blomstermo et al. (2004) studied the perceived role of networks as sources of international experience in a sample of SMEs from Sweden and New Zealand. Their results showed that network experiential knowledge increased firm performance.

Ghauri, Lutz and Tesfom, (2003) combined three horizontal network models by Van de Ven (1976); Welch and Joynt (1987); and Meulenberg et al. (1998) for a framework which determines the evolution of network and network achievement. They identified three stages of network development namely 'network emergence', 'network process' and 'network achievement'. 'Network emergence' is about the existence of a market problem or opportunity and the willingness of firms to respond together (Meulenberg et al., 1998; Van de Ven, 1976). 'Network process' is illustrated using the two conditions by Welch and Joynt (1987): evolution of foreign market activity and evolution toward solidarity, cohesion and commitment. 'Network achievement' depicts the extent to which network firms achieve their objectives. The framework is depicted in figure 3:1. With reference to figure 3.1 the author argues that whilst solidarity, cohesion and commitment as well as evolution of foreign market activity are important to network achievement, there is the need for more robust drivers to achieve effective network performance in the current turbulent and dynamic global market.

Figure 3.1: Network Evolution and Achievement model



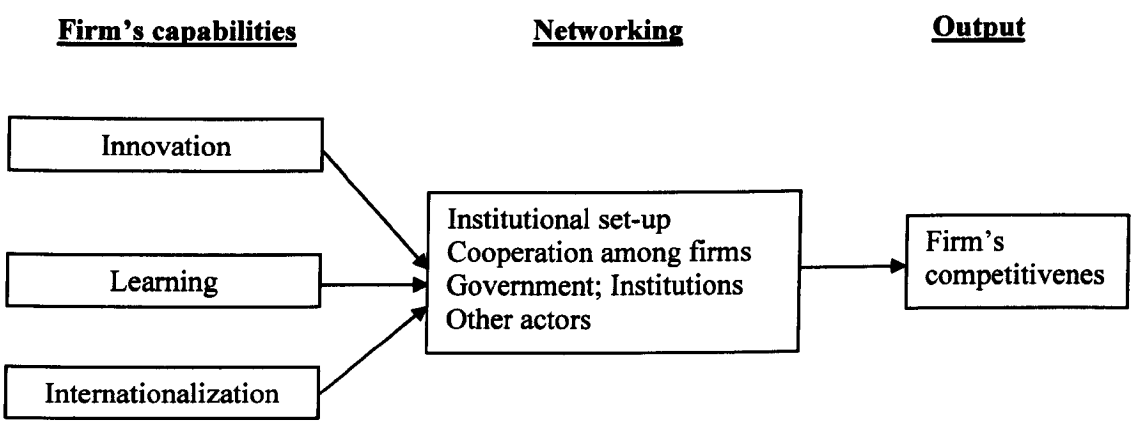
Source: Ghauri, Lutz and Tesfom (2003)

Awuah and Amal (2011) considered the opportunities and challenges of globalization, and provided a conceptual and operational framework to aid the understanding of how SMEs in developing countries, acting in the network context, could embrace and cope with the forces of globalization. Owing to global competition, technological advances and changing needs of consumers, competitive paradigms are continuously changing. As a result of the nature of today's marketplace, SMEs are increasingly facing similar international problems as those of larger firms (Ruzzier, Hisrich and Antoncic, 2006). Ibeh (2003) in support, notes that SMEs are under tremendous pressure to sustain their competitiveness in domestic as well as global markets and are in most need of requisite resources and key organizational capabilities, including ability to develop channel relationships, networking, planning and searching for export-related information. Tesfom and Lutz (2006) observe that majority of SMEs in developing countries in sub-saharan Africa have been slow to reap the benefits of globalization. They have not made the requisite investments in export capabilities and have not engaged in clustering so their export

performance has suffered as a result and are increasingly under threat at the domestic markets from cheap imports and the entry of foreign firms.

Awuah and Amal (2011) suggest that firms that are capable of innovating and learning in interaction with other actors are able to internationalize their activities, exploit opportunities and handle challenges emerging from globalization. They state that institutional setup, co-operation among firms, government socio-economic policies and active support to firms will enhance the SMEs' capabilities with regards to innovation, learning and internationalization, which should increase their competitiveness. In support, Berry (2002) states that export networks provide a competitive advantage to small firms, because of the possibility of resource sharing and learning among network members that could enable them minimize their size disadvantages. In further support, Rutashobya and Jaensson (2004) state that cooperation is a required response to intensified global competition, and joint action is essential for responding successfully to major challenges in business involving developing countries. Awuah and Amal (2011) argue that the relationships between a firm's capabilities (i.e. innovation, learning, and internationalization) and the mediating factor, institutional setup, will result in SME's competitiveness. However, the improved competitiveness of SMEs will also be a function of how well they handle their networks of exchange relationships with significant actors in the economy. Figure 3:2 illustrates this model.

Figure 3.2 Operational framework affecting a firm's competitiveness

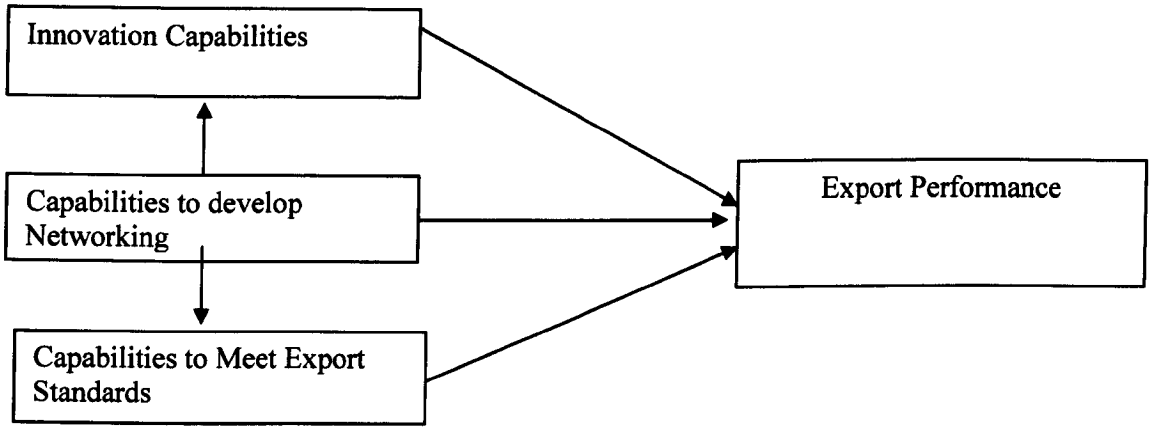


Source: Awuah and Amal (2011)

The author argues that 'Innovation', 'Learning' and 'Internationalization' are capabilities which SME exporters hardly possess but could rather gain from networks, and that this model only places the cart before the horse. It is further argued that whilst the model is insightful, its' 'networking' factors are not robust enough to drive SME exporters to be competitive.

Hassan and McCarthy (2011) used the resource-based view (RBV) perspective to study how a set of organizational capabilities can influence the export performance of SMEs in Malaysia. The study found that capabilities to develop business networking, innovation capabilities, and capabilities to meet export standards are crucial for Malaysian SMEs' export performance. The findings indicated that SMEs need to focus on developing their business networking in order to enhance both their innovation capabilities and their capabilities to meet export standards, which in turn leads to export performance improvement. The model is illustrated in figure 3.3

Figure 3.3: Framework for SMEs Capabilities required for Export Performance



Source: Hassan and Mc Carthy (2011)

The author argues that whilst this conceptual framework is useful in illustrating the importance of SME networking, it does not define the context of networking nor indicate how export networks can themselves develop capabilities which enable them to provide SME exporters with 'innovation capabilities' and 'capabilities to meet export standards'. The author further argues that whilst SME exporters are resource-constrained, the above model does not consider resource issues in addressing export performance. This view receives support from RBV perspective articulated by Ruzzzier (2006) who suggests that the sustainable and unique 'costly-to-copy'resources of the firm serve as the fundamental drivers of the performance and sustainable competitive advantage needed for internationalization. Taking the three performance models discussed above into consideration, the author submits that there is the need for a framework providing for more robust and resilient antecedents to export performance by SME exporters in the network context.

3.5 LINK BETWEEN THE RESEARCH OBJECTIVES & LITERATURE REVIEW

It is of utmost importance to establish a link between the research objectives and the literature review to demonstrate the relevance of selected theories underpinning the research (Saunders, Lewis and Thornhill, 2007). This link is also important to integrate the research and to justify the conceptual framework. Table 3.1 demonstrates the link between the research objectives (stated in chapter one) and core theoretical concepts reviewed in this chapter.

Table 3.1 The Link between the Research Objectives and Literature Review

Research Objectives	Theories & Concepts Reviewed	Emerging Concepts
RO1: To assess the types and levels of trade support EAs provide to SME exporters in Ghana.	Transaction Cost Theory (Williamson,1975) Resource-Based View (Wernerfelt, 1995) Resource Adjustment (Ahokangas,1998) Born Global (Oviatt and McDougall, 1994) International Entrepreneurship (Zara & George, 2002) Internationalization via Networks (Johanson & Mattsson, 1986, 1988)	SME size limitations & resource constraints SME Internationalization Categorization of Exporters Problems SME exporters' rationale for joining Export Assoc.
RO2: To ascertain the key network challenges confronting Export Associations in Ghana.	Social Exchange Theory (Emerson, 1987) Actor- Activities-Resources (Hakansson and Snehotha, 1995) Dynamic Capabilities (Teece et al.,1997) Barriers to Export (Leonidou,2004) Five barriers to export (Tesfom & Lutz,2006) Transaction Cost Theory(Williamson, 1975) Management Model (Fayol, 1949) Management Roles (Mintzberg, 1973) Organizational Culture (Schein, 1984) Entrepreneurial Orientation (Zara & George, 2002)	Challenges of Globalization Challenges facing Export Networks Resource Support Leadership Network Structure & Management
RO3: To discover the types and levels of trust existing within Export Associations in Ghana.	Trust Concepts by Sako (1992) Jennings et al., (2000) Krishnan et al., (2006) Williamson (1975) Ring and Van de Ven (1992) Actor- Activities-Resources (Hakansson and Snehotha, 1995) Organizational Culture (Peters & Waterman)	Importance of Trust Trust Components Trust Building Trust Levels
RO4: To assess the impact of the Internet on the survival of Export Associations	Beheshti (2004) UNIDO (2005) Hinson and Sorenson (2006)	Benefits of Internet Disadvantages of Internet
RO5: To recommend strategies for improving the effectiveness of Export Associations in supporting SME Exporters in Ghana.	Dynamic Capabilities (Teece et al.,1997) Entrepreneurial Orientation (Zara & George, 2002) Core Competence (Hamel & Prahalad, (1994 Berry (1997); Cook (2000) Management Model (Fayol, 1949) Management Roles (Mintzberg, 1973) Organizational Culture (Peters & Waterman)	Effective Network Leadership &Management Organizational Culture Competitiveness Stakeholder Support Partnership orientation

CHAPTER SUMMARY

This chapter has offered a firm conceptual foundation for the research. The literature review on the subject under investigation has been integrated to present a balanced discourse that is informed by both positive and negative views. Underlying themes and theoretical perspectives have been explored, and the review has paved the way for the design of a conceptual framework and the formulation of a set of hypotheses to underpin the study in the next chapter, chapter 4.

CHAPTER 4
FRAMEWORK AND HYPOTHESES

CHAPTER INTRODUCTION

Chapter 3 provided the conceptual background to the study by reviewing the relevant entrepreneurial literature on factors influencing the role of Export Networks. Literature on SME Internationalization, challenges confronting SME Exporters and motivations for joining Export Networks was reviewed. This chapter discusses the conceptual framework developed to underpin the study and also presents a set of hypotheses which accompany the conceptual framework.

4.1 A RECAP OF THE RESEARCH QUESTION

Ghana's Non-Traditional Export (NTE) sector is central to her export growth and socio-economic development. Dominated by SME exporters, the sector has historically underperformed, hence Government's establishment of Export Associations (EAs) to boost SME exporters' performance. As discussed in chapter one, EAs are voluntary product-based horizontal export networks formed by the Ghana government through GEPC, with a mandate to support SME exporters in the NTE sector of Ghana to achieve international competitiveness. Wignaraja (2003) notes that with some notable exceptions, many SME export networks in developing countries are very small and informally organized and lack the human capacity, financial resources and know-how to provide a wider range of support services to SMEs. Export groups were targeted for support in East Asia resulting in improved export performance by small East Asian firms (Sharma and Morrissey, 2006). As discussed in chapter one, ensuring Ghana's NTE sector becomes the real engine of export growth for moving the economy to MIC status requires dynamic EAs (ITC, 2007). Acting in a network context, SME exporters can penetrate and increase their share of foreign markets at reduced cost and risks, improve their profitability, achieve productivity gains and accumulate knowledge through various types of joint action (UNIDO, 2007).

There is however, anecdotal evidence that EAs in Ghana are plagued with enormous problems and are therefore not effectively supporting SME exporters, resulting in SME exporters' loss of interest and commitment to the EAs. The author considers this situation worrying, given the strategic importance of both SME exporters and EAs in the NTE sector and argues that it would be worthwhile investigating EAs in Ghana to identify their challenges and to offer suggestions for appropriate interventions.

There has been considerable research on Ghana's export sector covering areas such as policy; strategy development; macro export analysis; export processing zones; governance; and internationalization of Ghanaian export firms as stated in chapter one. However to date, the author is unaware of any thorough investigation of Export Associations in Ghana. Furthermore, salient information on Ghanaian Export Associations at GEPC, GETIC FAGE, EFC, MOTI and other export-related institution and academic institutions such as the University of Ghana and other leading University libraries was not available at the time of this research. Given the importance of the role of EAs in Ghana's export strategy, the author was motivated to provide information to fill this research gap and consequently, the following research question was posed:

To what extent are Export Associations in Ghana supporting SME Exporters to be competitive on the export market?

To assist in answering the research question, five research objectives were set:

1. To assess the types and levels of trade support Export Associations provide to SME exporters in Ghana.
2. To ascertain the key network challenges confronting Export Associations in Ghana.
3. To discover the types and levels of trust existing within Export Associations in Ghana.
4. To assess the benefits of the Internet to SME Exporters and its effect on the membership of Export Associations in Ghana.
5. To recommend strategies for improving the role of Export Associations in supporting SME Exporters in Ghana.

4.2 CONCEPTUAL FRAMEWORK DEVELOPMENT

This section aims at developing a conceptual framework in line with the research question and as a guide into field work. As defined by Fisher (2007), a conceptual framework explains either graphically or in narrative form, the major issues under study which helps to provide a guide into the field study and analysis. The author adopts the multi-model approach in developing a conceptual framework for this study, arguing that pulling together related models into a singular conceptual framework to investigate the role of EAs would add rigor to the investigation. This approach has been used in previous SME internationalization research. For example Ghauri, Lutz and Tesfom, (2003) combined three models by Meulenberg et al.;Van de Ven and Welch and Joynt, to evolve a model which determines network achievement in developing countries. Hinson, Ibrahim and Madiche (2010) employed Entrepreneurial orientation, RBV and Dynamic

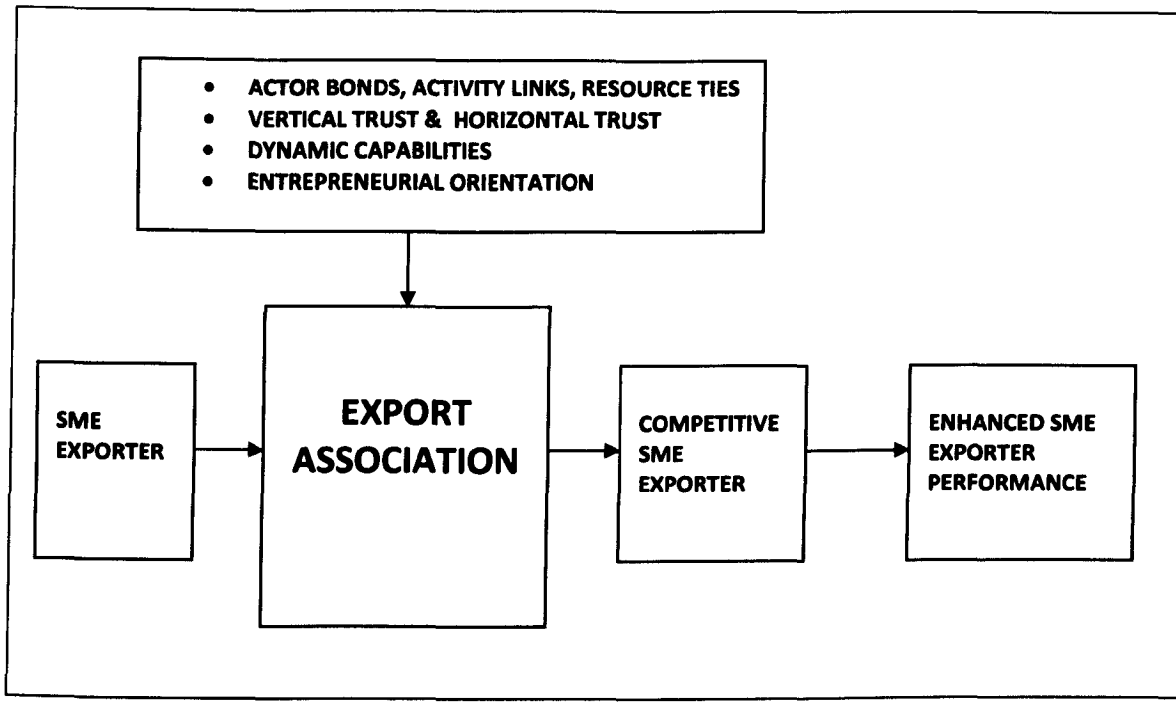
capabilities to study how firms acquire sustained competitive advantage. Similarly, Hallback and Gabrielson (2011) combined Entrepreneurial orientation, Dynamic capabilities and global growth of the firm to study the development of entrepreneurial marketing strategies in international new ventures.

There is a view that attempts to apply theories based on large firms to smaller businesses may lead to relatively awkward results, as ideas developed for large firms do not necessarily work in small business settings (Chen and Hambrick,1995) cited in Ahokangas (1998). This paper adopts a contrary position and attempts to explore the applicability of the large-firm 'Actor bonds, Activity links, Resource links' (AAR) model of business-to-business markets (Hakansson and Snehotha, 1995) to SME firms. Similarly, though 'Dynamic capability' and 'Entrepreneurial orientation' have normally been applied at the firm-level, this thesis engages the two at the network-level due to their perceived relevance to EAs' effectiveness. 'Trust' is also engaged in the model as an independent variable. These concepts are discussed in the rest of this chapter.

4.2.1 Illustration of the Conceptual Framework

The conceptual framework proposes that the extent to which EAs can effectively support SME exporters to be competitive on the export market depends on EAs' effectiveness which is determined by the nature and strength of EA's 'AAR bonds'; EAs' 'Dynamic capabilities', EAs' 'Entrepreneurial orientation'; 'Trust' between EA leaders and SME exporters (Vertical Trust); and 'Trust' among SME exporters (Horizontal Trust). These factors have a direct and significant influence on SME exporters' performance and are pre-requisites for the effectiveness of EAs. It is the author's conviction that 'AAR bonds' are essential for EA's stability and effectiveness, whilst EAs need high-level 'Entrepreneurial orientation' to propel their members to exploit global trade opportunities. Additionally, EAs require 'Dynamic capabilities' to support their members cope with and adapt to changing realities at the global marketplace. The author further argues that for the required high morale to prevail within EAs to ensure cooperation and productivity, 'Vertical Trust' and 'Horizontal Trust' are *sine qua non*, granted that an organization's ability to develop trusting relationships is an increasing important source of competitive advantage (Mouzas, Henneberg and Nuade, 2007). Figure 4:1 below illustrates the conceptual model for the study.

Figure 4:1 Export Association factors influencing SMEs' export performance



4.2.2 Components of the Conceptual Framework

This section provides a description of the components of the model, and justifies the inclusion of each of the four components.

(a) The Actors-Activities-Resources (AAR) Model

The main model for the study is the Actor bonds-Activity links –Resource Ties model (Hakansson and Snehota 1995) developed based on many years of empirical research by the Industrial Marketing and Purchasing (IMP) Group. The model describes how a business relationship can be analysed through its individual substance layers; actor bonds, activity links and resource ties. The model suggests that networks are dynamic entities exhibiting interdependence and connectedness between actor bonds, activity links and resource ties (Hakansson and Snehota, 1995). Actors are individuals, work groups, organizations or companies and actor bonds describe the bonds between the actors, through their perceptions of each other and their trust and understanding of each other. Actor bonds refer to the way in which the parties involved in a relationship perceive and identify with each other. Bonds become established in the interaction process and evolve over time as a result of the characters of respective actors and their ability to identify and create situations of mutual benefit (Hakansson and Snehota, 1995). Activity links are a sequence of acts directed towards a purpose and describe the links between organizations that are formed by activities that the actors perform

with each other. Activity links refer to the ways in which the various activities performed by firms in a relationship are co-ordinated and adapted to each other (Hakansson and Snehota, 1995). Resource ties describe the organizational ties that are developed through resource inputs and outputs. It refers to the way in which tangible and intangible resources supporting the activities of firms in a relationship become oriented towards and integrated with each other (Hakansson and Snehota, 1995). Resource ties connect various resource elements; technological, material, knowledge resources and other intangibles of firms. Efficiency is achieved through the interlinking of activities, creative leveraging of resource heterogeneity, and mutuality based on self-interest of actors (Anderson et al., 1994; cited in Vuledo, Macbeth and Purchase, 2004). Prior (2012) used AAR to summarise the major characteristics of interfirm relationships and as a method of describing the combination of "soft", "procedural" and "hard" elements of relationships.

The analytical power and usefulness of the AAR model is stressed by Prior (2012) who states that AAR is an established analytical aid for the study of inter-firm relationships. Prior (2012) supports this assertion by citing some recent studies that used the AAR framework: to examine the motivations for loyalty in professional services (Cater and Cater, 2009), relationship quality in business services (Myhal et al., 2008), relationship changes (Schurr et al., 2008) and supply network foundation (Johnsen et al., 2000).

'AAR bonds' has been applied in three ways in this research. Firstly, their respective levels within EAs would be measured. Secondly, how 'AAR bonds' was managed by two selected EAs would be discussed, and thirdly, the extent to which 'AAR bonds' influence SME exporters' performance would be assessed. Inspite of its analytical strength (Prior, 2012) with a capability to lend structure to the research, the author argues that as a stand-alone model, and in the context of the present-day complex and turbulent export trade environment, 'AAR bonds' is not robust enough in determining exporters performance. EAs, the author argues, require key capabilities and performance drivers to enable them effectively support their SME exporter members and propel them to be more competitive. 'AAR bonds' is therefore reinforced by three other related models to provide a robust conceptual framework for this study. These are 'Dynamic capabilities', 'Entrepreneurial orientation' and 'Trust'. Trust has been engaged in the conceptual framework as a *sine qua non* for the successful performance of EAs. These three additional models and their applications in the conceptual framework are described in the rest of this chapter.

(b) Dynamic Capabilities

Dynamic Capabilities (DC) refers to the ability to integrate, build and reconfigure internal and external competencies to address the changing environment (Teece, Pasino and Shuen, 1997). Originating from the strategic management literature, DC builds upon and extends the resource-based view of the firm initially promoted by Penrose (1959) and later expanded by others (Wernerfelt, 1984; Barney, 1991). The theory was developed with respect to assisting in the understanding of how and why certain firms build competitive advantage in regimes of rapid change (Teece, Pisano and Shuen, 1997). DC has been considered as the ability to generate or modify the operating or strategic routines in order to more effectively configure resources in response to a rapidly or slowly changing environment with the aim of achieving a sustained competitive advantage (Teece, Pisano and Shuen, 1997; Zollo and Winter, 2002). Dynamic Capabilities are essentially organizational routines deployed to alter a resource base by acquiring, creating, shedding, integrating, and recombining existing resources to generate new value creating strategies (Pisano, 1997). DC is concerned with how firms create or access new knowledge, make investment choices, sense and seize new opportunities, and achieve organizational transformation (Augier and Teece, 2007). Whilst the functionality of DC is generic and applicable across business contexts, their value lies in the resource configurations they create and not in the capabilities themselves (Eisenhardt and Martin, 2000).

(c) Entrepreneurial Orientation

Entrepreneurial Orientation (EO) refers to a firm's strategic orientation, capturing specific entrepreneurial aspects of decision-making styles, methods, and practices (Lumpkin and Dess, 1996). As such, EO reflects how a firm operates rather than what it does. The research community has so far studied the role of EO in the international context to a lesser extent. Consequently, there is limited research that focuses on the role of entrepreneurship and its linkage to strategy and performance in international markets (Sundqvist, Kuivalainen and Cadogan, 2011). EO is normally presented having five dimensions which characterize different elements of the construct. *Proactiveness* refers to a posture of anticipating and acting on future wants and needs in the market which would enable a firm to gain a first mover advantage relative to its competitors (Lumpkin and Dess, 1996). *Competitive aggressiveness* reflects the intensity of a firm's operations in its attempt to outperform rivals within the industry (Sundqvist, Kuivalainen and Cadogan, 2011). *Autonomy* refers to independent actions carried either by an individual or a team aimed at bringing forth a business concept or idea and carrying it to action and completion (Lumpkin and Dess, 2001). The *Innovativeness* of a firm is seen in its propensity for new idea generation, experimentation and research activities resulting in new products and

processes (Lumpkin and Dess, 1996). *Risk-taking* represents managers' willingness to pursue opportunities that carry a reasonable risk of costly failure. A risk-taking entrepreneur or firm would be willing to invest resources in projects even if there were a high potential for failure (Miller and Friesen, 1982).

As there exists a positive relationship between export performance and entrepreneurship as adequately supported in the literature eg. (Zahra and Covin, 1995; Wiklund, 1999; Ibeh, 2004), the author presents the argument that EAs require entrepreneurial capabilities to be effective and to motivate SME exporters to be commercially aggressive and perform better on the export market.

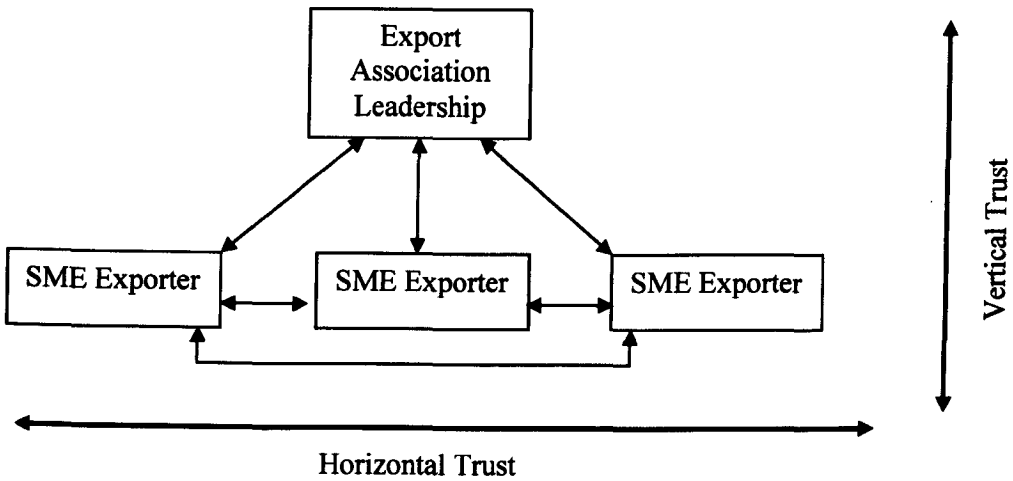
(d) Trust

Watson (2005) identified many definitions and measurements of trust and argues that there may be one trust that is applied differently inter-organizationally and interpersonally, and therefore require separate measurements. Watson continues to argue that from an empirical standpoint it does not appear that a widely accepted and used measurement instrument for trust has emerged. Rather, it seems to be the case that different researchers use different measurement instruments to meet their specific purpose, so many measurement instruments are used. Tyler and Stanley (2007) demonstrate the functionality of trust and its relevance in the network context citing various researchers as follows: Trust is a source of competitive advantage (Barney and Hansen, 1994) and increases satisfaction with interaction (Geyskens et al., 1996); Trust reduces transaction costs (Andaleeb, 1992), limits uncertainty and opportunism (Achrol, 1997; Busch and Hantusch, 2000) and creates flexibility (Nooteboom, 1996); Trust binds relationships (Ring, 1996) and builds commitment (Warrington, Abgrab and Coldwell, 2000); Trust improves communication (Anderson and Narus, 1989), enables risk taking and facilitates co-operation and mutual adaptation (Hewett and Bearden, 2001).

Trust in leaders is particularly important for effective functioning teams and organizations where tasks are complex and unstructured, and require high levels of interdependence, cooperation, and information sharing (Creed & Miles, 1996). Trust can be divided into vertical trust in the institutions of society and horizontal trust or generalized trust in other people (Putnam, 1993). In this research, trust is measured from two perspectives: (i) SME exporters trust for EA leaders and EA leaders trust for SME exporters (*Vertical trust)* and (ii) Trust among SME exporters (*Horizontal trust)*.The author speculates that *vertical* and *horizontal* trust are psychologically

different and could yield different results when measured in the network context. Vertical and horizontal trusts are illustrated in figure 4.2 below.

Figure 4:2 An illustration of Vertical & Horizontal Trust



Source: Adapted by author based on Putnam (1993).

(e) Competitiveness

'Competitiveness' is an attractive concept at various levels of study, including the individual firm level, microeconomic level for industry policies, and the macroeconomic level for the competitive positions of national economies (Nelson, 1992). A review by Waheeduzzaman and Ryans (1996) pointed out that the 'competitiveness' concept involves different disciplines, such as comparative advantage or the price competitiveness perspective, the strategy and management perspective, and the historical and socio-cultural perspectives. Competitiveness can also be treated as a dependent, independent, or an intermediary variable, depending on the perspectives from which it is approached. Competitiveness in the conceptual framework is defined in terms of SME exporters' increased market share, rapid market growth, high-level profitability and long-term performance.

(f) Export Performance

Ruzo et al., (2011) observe that researchers do not agree on the conceptual or operational definition of export performance, stating that though most researchers accept the multi-dimensionality of export performance, there is disagreement about which indicators should be used to measure the variable. Export performance can be described in objective terms such as sales, profits, marketing measures or by subjective measures such as distributor or customer

satisfaction (Lages, Lages and Lages, 2005). Most authors consider it necessary to include both objective and subjective indicators, because these two types of measure are complementary (Diamantopoulos and Kakkos, 2007). In the conceptual framework, export performance refers to total annual sales, a measure consistent with export targets set by MOTI for SMEs in Ghana.

4.3 HYPOTHESES DEVELOPMENT

This section presents the hypotheses for the research developed to support the conceptual framework. These hypotheses have been formulated in the context of various theoretical perspectives such Network theory; Institutional theory; Resource-Based View and Dynamic Capabilities; Resource Dependence Theory; Entrepreneurship and Trust theory. Table 4.1 below illustrates how the respective hypotheses have been developed.

Table 4.1 The development of Hypotheses from Theoretical perspectives

Hypotheses	Theoretical Perspective
H1: Export Associations provide more home-country support than foreign-country support to Association members.	**H1** was derived from Institutional theory, which suggests that businesses operating in different countries with varying institutional environments face diverse pressures. Some of those pressures in host and home institutional environments are testified to exert fundamental influences on competitive strategy (Martinsons, 1993; Zaheer, 1995).
H2: The more Export Association members use the Internet, the lesser their participation in Export Associations.	**H2** was derived based on RBV perspective positing that the basis of a competitive advantage of a firm lies primarily in the application of 'advantage-creating' bundle of valuable resources at the firm's disposal (Fahy, 2000; Ruzzier, 2006).
H3a: The stronger the 'AAR bonds' within Export Associations, the better the export performance of Association members.	**H3a** is based on Resource Dependence theory which proposes that actors lacking in essential resources will seek to establish relationships with others in order to obtain needed resources. Thus relationships are used to develop a collection of capabilities that a firm cannot create independently (Scott, 2003; Davis and Cobb, 2010).
H3b: The higher the level of Export Associations' dynamic capabilities, the better the export performance of Association members	**H3b** was derived from Dynamic Capabilities Concept suggesting that EAs can survive the dynamic export environment, when they develop the ability to integrate, build and reconfigure internal and external competencies to address challenges of the dynamic export environment (Augier and Teece, 2007; Teece, 2007).
H3c: The higher the level of entrepreneurial orientation of Export Associations, the better the export performance of Association members.	**H3c** is based on Entrepreneurship suggesting characteristics of Croactiveness; Competitive aggressiveness; Autonomy; Innovativeness; and risk-taking – characteristics required by EAs and their members to be competitive in business (Lumpkin and Dess, 2001; Sundqvist, Kuivalainen and Cadogan, 2011).
H3d: The higher the level of trust Export Association members have for Association Leaders, the better the export performance of Association members.	**H3d & H3e** are based on Trust theory. Barney & Hansen (1994) established that an organization's ability to develop trusting relationships is an increasing important source of competitive advantage, requiring that organizations and the members they are comprised need to be both trustworthy and trusting. Trust has a direct effect on work group process and performance and better coordination, greater efficiency and better performance are found in high-trust groups (Sako,1998; Lau and Rowlinson, 2010).
H3e: The higher the level of trust among Export Association members, the better the export performance of Association members.	

4.3.1 Development of Hypothesis 1: Export Associations Support for SME exporters

Institutional theory focuses on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes; rules, norms, and routines, become established as authoritative guidelines for social behavior (Scott, 2004). Different components of institutional theory explain how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse. Institutional theory posits that organizations do not just compete for resources and customers but also cope with pressure to conform to shared notions of appropriate forms and behaviors, since violating them may call into question the organization's legitimacy and thus affect its ability to secure resources and social support (Teo et al., 2003). Scott (1995) indicates that, in order to survive, organisations must conform to the rules and belief systems prevailing in the environment (DiMaggio and Powell, 2003), because institutional isomorphism, both structural and procedural, will earn the organisation legitimacy (Dacin, 1997). Businesses operating in different countries with varying institutional environments will face diverse pressures. Some of those pressures in host and home institutional environments are testified to exert fundamental influences on competitive strategy (Martinsons, 1993; Zaheer, 1995).

Institutional theory focuses on the deeper and more resilient aspects of social structure. It considers the processes by which structures, including schemes, rules, norms, and routines, become established as authoritative guidelines for social behavior (Scott, 2004). Different components of institutional theory explain how these elements are created, diffused, adopted, and adapted over space and time; and how they fall into decline and disuse (DiMaggio and Powell, 2003).There is substantial evidence that firms in different types of economies react differently to similar challenges (Knetter, 1989). Social, economic, and political factors constitute an institutional structure of a particular environment which provides firms with advantages for engaging in specific types of activities there. Businesses tend to perform more efficiently if they receive the required institutional support (Zsidisin et al., 2005)

International business is grounded on the idea that operating across borders is somewhat different from operating in the domestic market, with each type of operation posing different marketing challenges (Holmund and Kock, 1998). Network ties may differ in terms of the extent to which they are domestic or international. Firms that operate in an international network may find it easier to go abroad than firms whose exchange partners are purely domestic firms (Sharma and Morrisey, 2006; Bell, 1995). For example, Hansen and Witkowski (1995) found that their US-based entrepreneurs who had network ties outside the US since the time of start-up

were more active in internationalizing their business abroad. Tesfom and Lutz (2006) suggest that lack of similarity of legal and regulatory frameworks of the exporting and importing countries and lack of familiarity with market export procedures are fundamental export market barriers. They state that complying with specific buyer requirements, technical standards, and national standards are critical to export success, and exporters from developing countries must have the technical ability and knowledge of foreign market standards to produce exportable products (Tesfom and Lutz, 2006).

Kaleka and Katsikeas (1995) and Morgan (1997) developed a five-fold categorization of export problems arising from the external environment experienced at the destination or host country markets. They include restrictions imposed by foreign government rules and regulations; tariff barriers; exchange rate problems; lack of information about foreign markets; and difficulties in understanding foreign business practices. Young (2001) suggests that these factors rank highly in management surveys of export barriers. Martins (2010) explored foreign-country problems of Ghanaian SME exporters to the United Kingdom and the extent of foreign-country support available to them. The study revealed that foreign-country support to Ghanaian SME exporters to UK was inadequate and untimely, and that more was required from the government of Ghana and stakeholders to resolve exporters' problems abroad. From the preceding discussions, the following hypothesis is formulated:

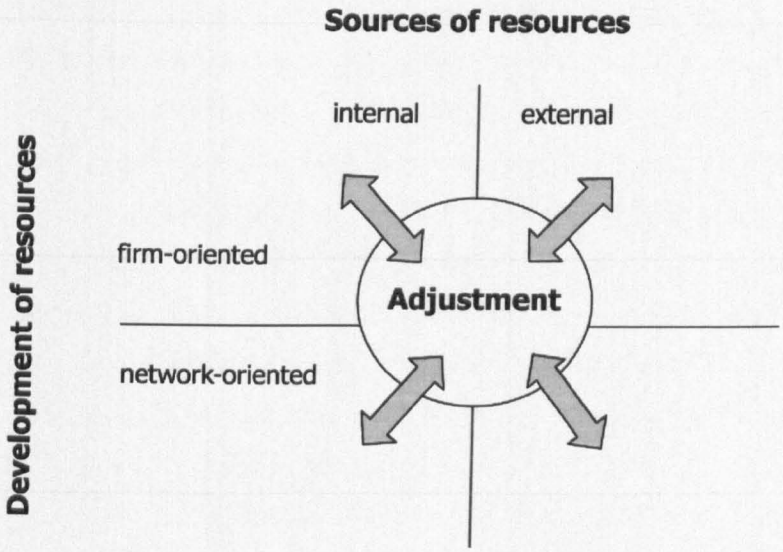
H1: Export Associations provide more home-country support than foreign-country support to Association members.

4.3.2 Development of Hypothesis 2: The Internet Resource and its impact on Export Association membership

The Resource-based view (RBV) focuses on sustainable and unique 'costly-to-copy' attributes of the firm as the fundamental drivers of the performance and sustainable competitive advantage needed for internationalization (Ruzzier, 2006). RBV fundamentally posits that the basis of a competitive advantage of a firm lies primarily in the application of a bundle of valuable resources at the firm's disposal (Wernerfelt, 1995; Barney, 1991). This view highlights the firm as a unique collection of resources which include all assets, capabilities, organizational processes, firm attributes, information, knowledge etc; controlled by a firm that enables it to conceive of and implement strategies that improve its efficiency and effectiveness (Daft,1983).

Ahokangas (1998) developed a model of Resource Adjustment which concerns resource development and strategic internationalization behavior of small firms combining the strategic and network perspectives of resources. Ahokangas (1998) assumed that SMEs are dependent on the development potential of key internal and external resources, which can be adjusted or developed within the firm and between firms and their environments. This adjustment behavior is analyzed along two dimensions. (i) Where do the resources reside; i.e. what is their source – are they internal or external to the firm ? ; and (ii) Does the development of resources take place in a firm-oriented manner (inward orientation) or in a network-oriented manner (outward orientation)?. Ahokangas (1988) states that from the perspective of the firm, these two dimensions lead to four hypothetical modes of resource adjustment: the adjustment of: (i) internal resources in a firm-oriented mode; (ii) external resources in a firm-oriented mode; (iii) internal resources in a network-oriented mode; and (iv) external resources in a network-oriented mode. These are illustrated in Figure 4.3 below.

Figure 4.3 Modes of Resource Adjustment



Source: Ahokangas (1998)

Ahokangas (1998) explains that the first kind of resource adjustment (internal firm-oriented) can be seen as the development strategy of a firm that tries alone to develop the critical resources needed for internationalization by entering into international activities and learning from experience, without depending on externally available resources. External resources in the development of the firm's internal resources, such as relationships with various expert organizations, research institutions or universities, represent the second mode of adjustment (external firm-oriented). The adjustment of internal resources in a network-oriented mode

involves development activities traditionally associated with co-operation in any field from R&D to international after-sales services (usually in the form of alliances between firms), where both partners share an interest in developing resources jointly. The last adjustment mode (external network-oriented) comprises networking behavior that is taken a step further, from sharing only resource stock interdependencies to also sharing control over the firm's resources. Some examples are mergers between two firms or joint ventures (Ruzzier, Hisrich and Antoncic, 2006). The importance of the Ahokangas model is that firms may internationalize using different strategies; through firm or network-oriented resource development strategies or a combination, depending on internal and external resources. The author argues that the Ahokangas model is useful in discussing the internet as a key resource to SME exporters as it could demonstrates the extent to which they rely on it directly or indirectly to achieve competitiveness.

The internet as a resource is increasingly removing whatever deterrence size brings to internationalization of SMEs, even in traditional industries (Ibeh, 2000). In today's global market, and with the use of internet, SMEs can employ ICT to reposition in the international marketplace (Hinson and Sorenson, 2006) and increase their competitive position along with their large counterparts (Beheshti, 2004). Small exporting firms may sometimes choose to adopt internet as a result of external forces and the need to remain competitive (UN, 2004). Hinson and Sorenson (2006) explored the role of internet and competitive performance of small exporting firms, and state that the applicability of Internet/ICT to SME organizations especially those involved in the exporting business cannot be overemphasized. The Internet opens new commercial opportunities to the export-oriented enterprise. In particular, it empowers SMEs to participate in international markets, where previous market entry and promotion costs were prohibitive. Internet potentially provides small firms with opportunities for radical change to their businesses (Hinson, Sorenson and Buatsi, 2007). Furthermore, the Internet is seen as a potential for expanding the markets of developing countries, either through online intermediaries or directly through the use of corporate web sites (Ibeh, 2000).

ICT offers unprecedented ways to establish new relationships between businesses across borders and markets and hence new opportunities for businesses in developing countries to grow and thrive within their regions and beyond. This is particularly important for SME exporters, as it has been harder for them than larger enterprises to reach distant markets and establish business partnerships (UNIDO, 2005). The internet has the potential of eroding some existing advantages of better established firms and creating a level playing field by allowing almost any interested

exporter to obtain a presence on the web and list addresses on various directories and internet search engines (Hoffman and Novak, 1996; Hamil and Gregory, 1997).

The internet can fundamentally change business paradigms, potentially affecting every link in an enterprise's chain. By easing and speeding the exchange of real-time information, it enables improvement through the value chain, across almost every company and industry in the NTE sector (Hinson, Sorenson and Buatsi, 2007). The internet has enhanced informational and interactive communicative capabilities which enable it to be used both as a communication tool and marketing channel, thus inducing the development of more effective inter-organizational relationships and the emergence of new network cooperative opportunities (Avlonitis and Karayanni, 2000). Hinson (2004) developed an SME internet benefit model and advanced arguments that the internet has benefits for Ghanaian SME exporters. The internet helps SMEs to find new customers quickly and cheaply; the next vendor is only a mouse-click away. The use of the internet is expected to reduce the effect of geographical distance providing better information on final markets and lowering the cost of registering a presence in global markets (Mansell et al., 2004).There is anecdotal evidence that the adoption of internet by SME Exporters is having a negative toll on the membership size of EAs and SME exporters commitment and participation levels. It is suggested that owing to the numerous benefits the internet confer on exporters, some SME exporters are becoming self-supporting and therefore less-dependent on the EAs for market information and seeking access to buyers. The following hypothesis is therefore formulated:

H2: The more SME Exporters use the internet, the lesser their participation in Export Associations.

4.3.3 Developing Hypothesis 3a: The impact of Network bonds, Activity Links and Resource Ties on export performance

Resource Dependence Theory (RDT) is the study of how the external resources of organizations affect the behavior of the organization (Davis and Cobb, 2010) and was originally developed to provide an alternative perspective to economic theories of mergers and board interlocks, and to understand precisely the type of interorganizational relations that have played such a large role in recent 'market failures' (Pfeffer, 2003).The procurement of external resources is an important tenet of both the strategic and tactical management of any company

The basic argument of resource dependence theory is that organizations depend on resources which ultimately originate from an organization's environment which to a considerable extent,

contains other organizations. The resources one organization needs are thus often in the hand of other organizations and such resources are a basis of power. Legally independent organizations can therefore depend on each other (Davis and Cobb, 2010). RDT suggests that power and resource dependence are directly linked: Organization A's power over organization B is equal to organization B's dependence on organization A's resources. Power is thus relational, situational and potentially mutual (Scott, 2003). RDT proposes that actors lacking in essential resources will seek to establish relationships with others in order to obtain needed resources. Thus relationships are used to develop a collection of capabilities that a firm cannot create independently (Pfeffer, 2003). Linkages help stabilize the organization's exchange with its environment and reduce uncertainty. Through negotiation and the arrangement of agreements with others, uncertainty is reduced directly. Part of the interaction between individuals serves the purpose of maintaining the relationships and exchanging information about each other and their activities. The more of the other, such that there are overlaps in friendship networks and other business acquintances, the more stable and predictable it is likely to be (Davis and Cobb, 2010). Pfeffer and Salancik (2003) state that social networks are the basis for business alliance as "people tend to prefer conducting their business with people familiar to them". This means the primary social relationships of SME owner managers eventually paved the way for more solid business relationships.

Organizational success in resource dependency theory (RDT) is defined as organizations maximizing their power. Organizations are assumed to work toward two related objectives: acquiring control over resources that minimize their dependence on other organizations and control over resources that maximize the dependence of other organizations on themselves. Attaining either objective is thought to affect the exchange between organizations, thereby affecting an organization's power (Pfeffer 1981; 2003).One criticism of RDT is that the focus of these relationships is more concerned with the patterns of relationships rather than the content. Although the resource dependence perspective sheds light on the critical contingencies guiding the creation of new ties, one drawback of this perspective is that it assumes an atomistic environment in which information about other organisations is widely available and freely accessible to all (Gulati et al, in Baum, 2002). Gulati et. al suggest that network scholars have extended resource dependency theory to focus more on the social context of relationships. Viewing networks through the lens of RDT allows firms to access and utilise resources outside of their direct control and are thus linked to their environment by various types of relationships (Smitha and Lohrkeb, 2007).

Higgins and Gulati (2000) claimed that simultaneous pressures towards efficiency and flexibility are pushing more and more firms to experiment with network arrangements. Moreover, the "networks as strategy" school mentions increased efficiency derived from networks, which enable firms to cope with flexibility in a complex environment (Rutashobya and Jaensson, 2004). Babakus, Yavas and Haahti (2006) note that networks are replacing simple market based transactions and traditional bureaucratic hierarchical organisations. Compared to the traditional market analysis, the network approach is characterised by a multidisciplinary description of the behaviour of companies in a market and by its emphasis on relations of these companies with other companies (Singh, Garg and Deshmukh, 2008). The network approach views markets as "a set of actors with different role sets linked to each other by engaging in reciprocal exchange relations" (Snehota, 1990, p.117). Kamann (1993) describes the essence of networks as follows:

> (1) *No actor can fulfil his dreams without the assistance of other actors: this puts him in paradoxical position: he either remains independent (and sub optimal) or he increases his dependence (and improves his performance). (2) Relations are based on mutual trust and are the subject to social cohesion. But can change into opportunistic behaviour and betrayal. (3) The result of network behaviour is a synergetic surplus. (4) The nature of a relationship between two actors influences all other relations in the network. (5) Each actor tries to maximise his share of the synergistic surplus. (6) Each actor carefully balances dependence and freedom in order to improve the perceived optimal mix of effectiveness, efficiency, profitability and continuity."*

From the foregoing discussions, both the RDT and the network perspectives suggest that for resource and size-constrained SMEs to overcome their disadvantages, it is important that forge cooperative bonds and links with other actors in a network context. The AAR model described earlier in the chapter has been adopted by the author to conceptualize the affinity among SME exporters (actor bonds), how they are linked and coordinated through actions (activity links), and how they share resources (resource ties) in the context of Export Association networks. The interplay of the three dimensions is a driving force in the development of business relationships. In order to assess, predict or explain the importance and role of relationships, these three forces need to be examined (Hakansson and Snehota, 1995). The author advances that increased actor bonds could foster close working relationships among SME exporters. Coupled with improved resource ties and increased activity links, the overall export performance of SME exporters is likely to increase. For the purpose of simplicity, 'actor bonds', 'activity links' and 'resource ties'

are banded together and referred to as '*AAR bonds*' subsequently. Following from the foregoing discussion, a third hypothesis is formulated as follows:

H3a: The stronger the 'AAR bonds' within Export Associations, the better the export performance of Association members.

4.3.4 Developing Hypothesis 3b: Dynamic Capabilities and the performance of Export Networks

Dynamic Capabilities (DC) builds upon and extends the resource-based view (RBV) of the firm initially promoted by Penrose (1959) and later expanded by others (Wernerfelt, 1984; Barney, 1991). Entering the 1990s, the highly dynamic business environment challenged the original propositions of the RBV as being static and neglecting the influence of market dynamism (Eisenhardt and Martin 2000; Priem andButler 2001) Firstly, the RBV and its associated terminologies, i.e. resources, processes, capabilities and core capabilities, lacked clear definitions with no distinction between resources and capabilities (Prime and Butler (2001). Secondly, the RBV was criticised for being static, as sustained competitive advantage was unlikely in dynamic markets (Eisenhardt and Martin 2000). Its key assumptions – the persistently heterogeneous resources of the firm and the maintenance of rents resulting from the absence of competition in either acquiring or developing complementary resources (Mahoney and Pandian 1992) – were considered dubious in the context of volatile, unpredictable environments. Thirdly, the RBV was attacked for its failure to define mechanisms that explain how resources are transformed to competitive advantage (Priem and Butler 200). The RBV has been criticized for ignoring factors surrounding resources, instead assuming that they simply "exist". Considerations such as how resources are developed, how they are integrated within the firm and how they are released have been under-explored in the literature (Wang and Ahmed, 2007).

Reconciling this, the concept of dynamic capabilities is intrinsically linked to market dynamism. Eisenhardt and Martin (2000) reckon that dynamic capabilities exhibit different features in two types of markets: (i) In moderately dynamic markets where changes occur frequently but follow predictable and linear paths, industry structures are relatively stable. Accordingly, firms rely heavily on existing knowledge, and designs of processes and activities typically follow a problem-solving approach (Zahra and George 2002). (ii) In high-velocity markets, changes are nonlinear and less predictable, market boundaries are blurred and industry structures are

ambiguous and shifting. Thus, a firm's dynamic capabilities' focus is on rapidly creating situation specific new knowledge (Eisenhardt and Martin 2000).

Teece et al. (1997) define dynamic capabilities as 'the ability to integrate, build, and reconfigure internal and external competencies to address rapidly-changing environments'. Dynamic capabilities attempt to bridge these gaps by adopting a process approach: by acting as a buffer between firm resources and the changing business environment, dynamic resources help a firm adjust its resource mix and thereby maintain the sustainability of the firm's competitive advantage, which otherwise might be quickly eroded (Teece, 2007) So, while the RBV emphasizes resource choice, or the selecting of appropriate resources, dynamic capabilities emphasize resource development and renewal. The emergence of dynamic capabilities has enhanced the RBV by addressing the evolutionary nature of firm resources and capabilities in relation to environmental changes and enabling identification of firm- or industry-specific processes that are critical to firm evolution (Wang and Ahmed, 2007).

In connecting the RBV to dynamic market environments more closely, Teece *et al.* (1997) discuss the notion of "dynamic capabilities" through which managers "integrate, build and reconfigure internal and external competencies to address changing environments" (Teece *et al.*, 1997). As a body of knowledge that has progressed rapidly over the last few decades, it explores the nature of such capabilities, and their distinguishing characteristics. A main thrust of this literature argues that dynamic capabilities are essentially organizational routines deployed to alter a resource base by "acquiring, creating, shedding, integrating, and recombining existing resources to generate new value creating strategies" (Pisano, 1997). Whilst the functionality of dynamics capabilities is generic and applicable across business contexts, their value lies in the resource configurations they create and not in the capabilities themselves (Eisenhardt and Martin, 2000).

The ability of organizations to seize opportunities through the orchestration and integration of both new and existing assets to overcome inertia and path dependencies is at the core of dynamic capabilities (O'Reilly and Tushman, 2007). The capacity of an organization to create, extend, or modify its resource base is vital and owing to the rapidly changing global trade regime, networks need to possess dynamic capabilities to build competitive advantage in regimes of rapid change in the form of absorptive capacity (Teece, Pisano and Shuen,1997). Sometimes characterized as high level routines or processes or routines to learn new routines (Eisenhardt and Martin, 2000), DCs are seen as a central underpinning of long-run competitive advantage. Enterprises with strong dynamic capabilities are intensely entrepreneurial and do not only adapt

to business ecosystems, they also shape them through innovation, collaboration, learning, and involvement (Augier and Teece, 2007).

Dynamic capabilities enable business enterprises to create, deploy, and protect the intangible assets that support superior long- run business performance. The micro foundations of dynamic capabilities—the distinct skills, processes, procedures, organizational structures, decision rules, and disciplines—which undergird enterprise-level sensing, seizing, and reconfiguring capacities are difficult to develop and deploy. Enterprises with strong dynamic capabilities are intensely entrepreneurial. They not only adapt to business ecosystems, but also shape them through innovation and through collaboration with other enterprises, entities, and institutions Teece (2007).

DC is conceptualized in this study as the ability of EAs to adapt, integrate and reconfigure internal and external resources towards changing environments (Zucchella and Scabini, 2007). The extant research on firm capabilities has focused on the link between capabilities and performance-related outcomes (Henderson and Cockburn, 1994). The author argues that granted the current dynamic and turbulent export trade environment, EAs need to develop capacities to effectively support network members to cope with and adjust to the complex and increasingly changing environment. Considering the foregoing discussion, the following hypothesis is formulated.

H3b: the higher the level of Export Associations' Dynamic capabilities, the better the export performance of Association members.

4.3.5 Developing Hypothesis 3c: Entrepreneurial Orientation and the performance of Export Networks

Due to the changing environment in which most firms are now competing, it is imperative to consider the importance of top managers from the standpoint of how their entrepreneurial preferences and values may impact strategic decision making (Davis et al., 2010). With the emergence of globalization, the business environment has become more uncertain and complex. The environment is changing constantly and rapidly as well as the market and customers' needs (Prajogo & Ahmed, 2006). Organizations are forced to learn new knowledge to develop new products in order to satisfy the new market and customer demographics. Thus organizations that pursue entrepreneurial activities may attain competitive advantage (Barsh, 2007; Chapman & Hyland, 2004). The most commonly accepted conceptualization of entrepreneurial orientation

was developed by Miller (1983), who argued that a firm develops an entrepreneurial orientation if it consistently exhibits product market innovations, takes risks and behaves proactively. Miller's (1983) arguments, and the vast majority of entrepreneurial orientation literature since that time, are focused at the organizational level. Although entrepreneurial orientation has been defined in many different dimensions, such as autonomy, innovativeness, proactiveness, competitive aggressiveness, and risk-taking, three dimensions: innovativeness; proactiveness and risk-taking, have been adopted most frequently in defining entrepreneurial orientation (Lumpkin & Dess, 1996).

Mortazavi and Bahrami (2012) state that entrepreneurship is a dynamic process of mission, change and creation; a combination of opportunities in areas where they are located, the personal characteristics necessary to identify and pursue these opportunities and to create specific results. Entrepreneurship is renewal of strategies and transformation in organization entering new markets and and dynamic process for creating wealth.Storey (1994) suggests that in the case of small firms, there are six factors that significantly contribute to their growth. These are the age of firm, its size, the sector of operation/market, its legal form, its location and its status of ownership. The recent review of Dobbs and Hamilton (2007) also provides a clear picture of the dominant role played by firm and entrepreneur-specific characteristics in small business growth studies. Knowledgeable entrepreneurs can be thought of as those who possess a larger portion of a number of desirable characteristics that enhance the growth prospects of small firms.The literature identifies a large number of entrepreneurial characteristics as contributing to business growth, e.g. educational and training qualifications, experience, imagination, skills, personal motivation, aspiration reasons, etc. (Smallbone and Wyer, 2000; Dobbs and Hamilton, 2007). Nonetheless, knowledgeable entrepreneurs do not just possess skills. Rather, they have the ability to utilise such skills in a specific context and thus produce measurable benefits for their business (Daskalopoulou and Petrou, 2010).

Within the context of organizational entrepreneurship, research shows that EO of a firm has a significant relationship with its performance (Wiklund, 1999). Recently, entrepreneurial orientation has been viewed as a strategic approach in decision making process as well as means of explaining firm performance (Green,Covin, & Slevin, 2008).In entrepreneurship literature, entrepreneurial orientation has been positively associated with firm-level performance (Lumpkin & Dess, 1996; Zahra & Covin, 1995). Many studies have investigated the relationship between entrepreneurial orientation and firm-level performance, such as firm innovation (Wiklund & Shepherd, 2003), intra and extra-industry networks (Stam & Elfring, 2008) and

financial performance (Wang, Hult, Ketchen Jr., Ahmed, 2009). From the discussions above, the author makes the following hypothesis: The positive relationship between export performance and entrepreneurship is adequately supported in the literature. Previous research has shown that the EO of the owner or manager has a positive relationship with performance, competitiveness and sales growth (Zahra and Covin, 1995; Wiklund, 1999; Ibeh, 2004). For example Wiklund and Sheperd (2005), discovered that firms possessing high EO were found to outperform their counterparts with lower EO. Similarly, Lumpkin and Dess (2001) conclude that successful operations in uncertain and complex environments often demand a strong entrepreneurial stance in strategy-making. Berry (1997) cites Levy (1990) who interpreted the early prevalence of dynamic small firms in Taiwan as due in part to a high stock of entrepreneurial skills. Other scholars also provide evidence of a strong relationship between entrepreneurial orientation, profitability and revenue generated by the firm (Zahra, 1993) and how such relationships increased over time (Wiklund, 1999). Lumpkin and Dess (2001) however note that entrepreneurial processes involve complex phenomena that may not always be associated with strong performance.

International entrepreneurial orientation involves a willingness to innovate to rejuvenate market offerings, to be more proactive than competitors toward new market place opportunities, and to take risks to try out new and uncertain products, services, and markets (McDoughhall and Oviatt, 2000). International entrepreneurial orientation used to be examined primarily at an individual level of analysis; however, it recently has been investigated as a firm-level behavior emphasizing an entrepreneurial process of the firm rather than a behavioral characteristic of the manager or Entrepreneur (Alvarez and Busenitz, 2001). The author argues that entrepreneurial orientation could also be considered at the network level.

The author further argues that EAs require entrepreneurial capabilities to be able to identify and capitalize on opportunities offered by the export trade system for the benefit of members. When EAs develop entrepreneurial competencies, they would be in a position to drive SME exporters to be commercially aggressive and perform better on the export market. On this basis, hypothesis 3c is formulated:

H3c: The higher the level of Export Associations' Entrepreneurial Orientation, the better the export performance of Association members.

4.3.6 Developing Hypotheses 3d & 3e: The impact of Trust relationships on the performance of Export Networks

The subject of trust has gained increased interest and acknowledgement in literature being a fundamental concept characterizing most inter-personal, inter-organizational and business relationships (Svensson, 2001; Mouzas, Henneberg and Naude, 2007). Trust is a substantial dimension in the interaction and network approach (Hakansson and Snehota, 1995), services marketing (Gronroos, 1990) and a basic feature in relationship marketing (Morgan and Hunt, 1994). Trust not only varies in the form that it may take on (e.g., state, trait, process), it can also exist at a variety of levels. Trust can exist at the team level (between team members), leadership level (between the team member and the leader), the organizational level (between the employees and the organization), and inter-organizational level (between organizations) (Burke et al., 2007).

The study of trust is multi-disciplinary, multi-faceted, and multi-dimensional (Rousseau et al., 1998). Various definitions of trust exist in the literature and common to most of these definitions are a confidence between the parties that the other party is reliable (Morgan and Hunt, 1994) and that the parties will act with a level of integrity when dealing with each other (O'Malley and Tynan, 1997). Svensson (2005) suggests that trust means that somebody is willing to take a risk or expose himself in relation to somebody else. Sako (1992) identified the components of trust as competency trust, contractual trust and goodwill trust, explaining them thus: Competency trust refers to the expectation that a partner can perform at a set level. Contractual trust refers to each partner adhering to specific written or oral agreements and is shown when partners uphold an ethical standard, namely that of keeping promises. Goodwill trust concerns such behaviour from one partner to place the other partner's interest ahead of their own, a willingness to do more than is formally expected. Consequently, goodwill trust grows when a partner commits to be responsive to certain requests outside the norm (Sako, 1992). The concept of trust is very central to this research. There is anecdotal evidence that SME exporters in Ghana are not patronising EAs due to their lack of trust for EA leaders. The third research objective of this thesis therefore investigates this anecdote by measuring levels of relevant trust conceptualizations such as integrity (O'Malley and Tynan, 1997); risk-taking (Goran Svensson, 2005); willingness to do more than is formally expected (Sako, 1992); placing other's interest ahead of own (Sako, 1992); responsiveness to certain requests outside the norm (Sirdeshmukh, Jagdip and Barry, 2002); capability & expertise to perform (Sako, 1992); adherence to written or

verbal promises (Nicholson, Compeau, and Sethi,2001); acting with equity (Ring and Van de Ven, 1994); and information exchange willingness (Johnsen,1999).

Heffernan (2004) identifies three common components of trust from an examination of the literature (i) a credibility component – whether the partner has the capability and expertise to undertake the purpose of the partnership (Ganesan, 1994); (ii) an integrity component – whether the partner will adhere to written or verbal promises (Nicholson, Compeau, and Sethi, 2001) an (iii) a benevolence component – whether the partner will be accommodating and act with equity when new conditions relating to the relationship arise (Ganesan, 1994). Mouzas, Henneberg and Naude (2007) observe that trust has been conceptualized in the marketing literature in two different ways: (i) as a constituent component of relationship quality (ii) as a necessary requirement and determinant of sound business relationships.

Li (2005) states that there is no consensus on specific dimensions of trust and concludes that the trust literature appear to converge towards two necessary conditions (uncertainty, vulnerability) and two functions (expectations of being trustworthy, willingness to trust) in most trust definitions. Humphrey and Schmitz (1998) distinguish between trust and sanctions and observe how the two operate in conjunction. They state that both are additive: sanctions limit the risks involved in trust, and both sanctions and trust can be seen to operate at three different levels: the macro, the meso and the micro. Larson (1992) found that trust centered around two dimensions: one consisting of a social relations aspect and the other encompassing an economic aspect. The emotional or social relations dimension of trust is referred to by scholars as "affective" (McAllister, 1995) "identification-based" or "personal goodwill" trust (Hite, 2005). As the name implies, affective trust develops when individuals emotionally invest in relationships, resulting in genuine concern for a partner's welfare and a belief in the relationship's intrinsic virtue. As such, affective trust resides at an interpersonal level (McAllister, 1995).

In contrast, researchers often label the rational or economic, dimension of trust as "cognitive" "competence" "knowledge-based" or "social" trust (Hite, 2005). Cognitive trust occurs when a person makes a conscious decision to trust based upon the best knowledge he or she has (McAllister, 1995).When relationships are based on cognitive trust, individuals choose to trust based on evidence of trustworthiness (for example everything seems in proper order or the other party appears to possess required capabilities) (Luhmann, 1979). Thus, cognitive trust tends to be high when repeated interactions allow parties to come to know, understand, and predict the routines and processes of the interaction (Hite, 2005). Similar to affective trust, cognitive trust

can reside at an interpersonal level (between an entrepreneur and a banker); however, with repeated interactions, it can also develop at the institutional or organizational level between a new venture and a supplier organization (Mouzas, Henneberg and Naude, 2007).

Bradach and Eccles (1989) suggest that it is particularly the social context of transactions which create trust. Trust is therefore created during a slow process, starting with minor transactions in which little trust is required because little risk is involved, in which partners can prove their trustworthiness, enabling them to expand their relationship and engage in major transactions. Williamson (1985) states that the frequency or number of interactions within networks can develop trust, as repeated personal interaction discourages attempts to behave in an opportunistic manner and increases trust. Trust primarily emerges on the basis that the other party will fulfill its commitments and that the relationship is equitable (Ring and Van de Ven, 1994). While trust therefore seems to be more likely to be extended to an organization when that organization earns a reputation for following norms of equity, Ring and Van de Ven (1994) argue that this is not sufficient and that trust between organizations depends on successful transactions in the past rather than merely the reputation in the market place. Mouzas, Henneberg and Naude (2007) argue that inter-personal trust is a relevant but not in itself sufficient condition for the development of sustainable business relationships because it fails to capture the underlying interests and objectives of organizations.

An organization's ability to develop trusting relationships is an increasing important source of competitive advantage (Barney & Hansen, 1994) requiring that organizations and the members they are comprised need to be both trustworthy and trusting (Watson, 2005). The importance of trust can be explained by the fact that it is seen as a phenomenon which contributes to the strength of inter-personal relationships, intra-organizational relationships and inter-organizational relationships in business networks (Gronroos, 2000; Hakansson and Snehota, 1995; Morgan and Hunt, 1994). Barney and Hansen (1994) believe that firms characterized by a culture of trustworthy values and beliefs will often display a strong form of "trust in exchange" in its behavior. Trust is important because contractual sanctions are ineffective and as trade is characterized by uncertainty (Humphrey and Schmitz, 1998).

The exchange of business information requires mutual trust in alliances, partnerships or networks (Svensson, 2004) and in channels when the exchange goes beyond direct relationships towards connected relationships (Hakansson and Snehota, 1995). Trust is frequently acknowledged as a central construct in the framing and dynamics of managerial relationships

and developing and maintaining trust is seen as especially important to managerial and organizational effectiveness (Davis et al., 2000; McAllister, 1995). Previous research has cited trust between partners as a critical element of network exchanges that when developed, enhances resource flow (Lorenzoni and Lipparini, 1999). When parties trust each other, they are more willing to engage in cooperative activity through which further trust may be generated (Fukuyama, 1995). Parkhe (1998) argues that in the context of alliances, trust is seen to have important psychological, sociological and economic properties simultaneously.

The precise form of the performance effects of trust varies considerably. Some researchers emphasize a direct relationship, whilst others examine more complex, indirect relations (Ali and Larimo, 2011). Research emphasizing direct positive effects of a one-dimensional construct of trust on performance outcomes include direct positive effects on alliance stability (Chen and Boggs, 1998), satisfaction with alliance or partner-firm performance (Lin and Wang, 2008) and achievement of financial and non-financial goals (Brouthers and Bamossy, 2006; Kwon, 2008). Sako (1998) states that trust enables a network of firms to adapt to unforeseen circumstances and engage in continuous improvement and innovation or "learning". Lau and Rowlinson (2010) in support, suggest that trust has a direct effect on work group process and performance, citing the findings of Dirk (1999) that better coordination and greater efficiency and hence better performance, are found in a high-trust group. Researchers have also investigated the more complex indirect relation between trust and performance. Considering the positive effect of trust on performance discussed in the foregoing, the following two hypotheses are formulated:

H3d: The higher the level of Trust Export Association members have for Association Leaders, the better the export performance of Association members.

H3e: The higher the level of Trust among Export Association members, the better the export performance of Association members.

4.4 THE LINK BETWEEN THE RESEARCH HYPOTHESES AND OBJECTIVES

To demonstrate the relevance of the research hypotheses to the study, table 4.2 illustrates the link between the hypotheses formulated in this chapter and the research objectives presented at the start of this chapter. This table demonstrates that the research hypotheses are well-anchored to the essence of the study.

Table 4.2 The Link between the Research Hypotheses and Research Objectives

Hypotheses	Research Objectives
H1: Export Associations provide more home-country support than foreign-country support to Association members.	**RO1**: To assess the types and levels of trade support Export Associations provide to SME exporters in Ghana
H2: The more Export Association members use the Internet, the lesser their participation in Export Associations.	**RO4** : To assess the impact of the Internet on the membership of Export Associations in Ghana.
H3a: The stronger the 'AAR bonds' within Export Associations, the better the export performance of Association members.	**RO5:** To recommend strategies for improving the effectiveness of Export Associations in supporting SME Exporters in Ghana.
H3b: The higher the level of Export Associations' dynamic capabilities, the better the export performance of Association members.	**RO5:** To recommend strategies for improving the effectiveness of Export Associations in supporting SME Exporters in Ghana.
H3c: The higher the level of entrepreneurial orientation of Export Associations, the better the export performance of Association members.	**RO5:** To recommend strategies for improving the effectiveness of Export Associations in supporting SME Exporters in Ghana.
H3d: The higher the level of trust Export Association members have for Association Leaders, the better the export performance of Association members.	**RO3:** To discover the types and levels of trust existing within Export Associations in Ghana.
H3e: The higher the level of trust among Export Association members, the better the export performance of Association members.	**RO3:** To discover the types and levels of trust existing within Export Associations in Ghana.

CHAPTER SUMMARY

Chapter four has presented the conceptual framework designed to underpin the study. Based on the multi-model approach, the framework has been designed synthesizing four concepts namely: AAR bonds; Dynamic Capabilities; Entrepreneurial Orientation and Trust. The chapter further discussed the author's hypotheses which would be tested during the research. The next chapter (chapter 5) is on research design and methodology which outlines how the research question posed in chapter 1 would be answered.

CHAPTER 5
RESEARCH DESIGN AND METHODOLOGY

CHAPTER INTRODUCTION

Chapter 4 developed a conceptual framework and formulated a set of hypotheses to guide the investigation being undertaken. This chapter provides the philosophical and technical foundation for the thesis, and explains how a strategy has been devised to undertake the research. The chapter initially sets out the philosophical arguments which underlie the qualitative and quantitative methodologies and presents the mixed-methods approach, adopted as the methodology for the research. The chapter further describes how strategies were employed to collect and analyze valid, reliable and ethical qualitative and quantitative data. A discussion of the practitioner- relevance of the research concludes the chapter.

5.1 A RECAP OF THE RESEARCH STRATEGY

This section recaps the purpose of the research, the research question and objectives, as well as the scope and context of the research as detailed in chapter one, in order to refocus attention on the essence of the research and to legitimatize the research design outlined in this chapter.

5.1.1 Purpose of the Research

The study aimed at describing the extent to which Export Associations in Ghana support SME exporters to achieve international competitiveness. Closely linked to Ghana's development strategy (Ghana Shared Growth and Development Agenda - GSGDA) is her strive to attain a full middle-income-country (MIC) status. In July 2011 Ghana moved from low-income to lower middle-income status, with a GDP per capita of $1,283 (World Bank, 2011). In chapter 1, the author argued that at the present level of per capita ($1,283), Ghana is only at the fringes of a lower middle-income economy and to grow the economy and entrench the country as a fully-fledged middle-income economy, Ghana's economy must grow faster than the current average growth rate of 6.0 percent (Ghana Statistical Service, 2011).The expected economic growth in Ghana can best be achieved through the export sector, as other sources of growth (budgetary support from development partners; increased savings; increased remittances; increased FDI) cannot be sustained (MOFEP, 2000; GEPC, 2005). To achieve a faster growth, Ghana's exports will need to play an increasing role and export diversification will need to be promoted (World Bank, 2006). The NTE sector dominated by SME exporters has been targeted by the government to deliver the expected growth in export revenue, as the traditional sector (Cocoa, Gold, Timber, Electricity) has come to a standstill (GEPC, 2005; ITC, 2007). However,

inspite of tremendous support it has received from the Government and other stakeholders, the NTE sector has not grown as expected. As part of strategies to increase NTE exports, EAs were formed to support SME exporters who constitute almost 90% of the NTE sector (GEPC, 2005). There is anecdotal evidence that the EAs are not effectively providing the needed support to SME exporters. Given the strategic importance of the NTE sector in Ghana's export development strategy, the author saw the need to evaluate the role of EAs in order to identify their weaknesses and challenges and to propose appropriate interventions towards their effectiveness.

5.1.2 The Research Question and Research Objectives

To investigate the problem, the research question: ***To what extent are Export Associations in Ghana supporting SME Exporters to be competitive on the export market?*** *was* posed. To assist in answering the research question, the following research objectives were set:

1. To assess the types and levels of trade support Export Associations provide to SME exporters in Ghana.
2. To ascertain the key network challenges confronting Export Associations in Ghana.
3. To discover the types and levels of trust existing within Export Associations in Ghana.
4. To assess the benefits of the Internet to SME Exporters and its effect on the membership of Export Associations.
5. To recommend strategies for improving the role of Export Associations in supporting SME Exporters in Ghana.

5.1.3 The Context and Scope of the Research

This study was based on Ghana, although the author made occasional cross-references to developing countries. The internal context of the study was Ghana's NTE sector, whilst the export trade environment provided the external context. The study was cross-sectional, and covered the three sub-sectors of the NTE sector, namely: Agricultural; Horticultural; and Processing/Semi-processing. Conceptually, the study examined the factors that impact on EAs and SME exporters' performance. Although the research was based on small firms, the author employed the large-firm model 'Actor-Activity-Resource' by Hakansson and Snehotha (1995) to test the model's applicability to small firms. The study also applied firm-level models (Dynamic Capabilities and Entrepreneurial Orientation) at the network level. This research focused on horizontal networks (Ghauri, Lutz and Tesfom, 2003) considered more relevant to the study of EAs than vertical networks. A multidisciplinary approach was adopted through the use of

concepts from several disciplines such as: economics; marketing; strategic management; entrepreneurship and social psychology.

5.2 A REVIEW OF RESEARCH PHILOSOPHY

Philosophical issues are central to the notion of research design. The research philosophy adopted contains important assumptions about the way in which the world is viewed. These assumptions underpin research strategy and the methods chosen as part of the strategy (Easterby-Smith, Thorpe and Lowe, 2004; Saunders, Lewis and Thornhill, 2007). The philosophical choices the researcher makes affect the way the research is organised, how data is collected and analysed, and expectations and outlook of the research (Berg, 2004). In deciding the approaches to use to contextualize the method and process of investigation, the following philosophical assumptions were considered.

5.2.1 Philosophical Assumptions

Burrell & Morgan (1979) argued that it is convenient to conceptualize social science research in terms of four sets of assumptions as follows:

(a) Ontological assumptions

Ontology is concerned with the nature of reality. Ontological assumptions discuss whether reality is viewed as objective and therefore external to an individual; or subjective, a product of an individual's mind (Punch, 1998). It raises questions of the assumptions researchers have about the way the world operates and the commitment held to particular views. Objectivism portrays the position that social entities exist in reality external to social actors (Saunders, Lewis and Thornhill, 2007). The subjectivist view is that social phenomena are created from the perceptions and consequent actions of social actors (Remenyi et al., 1998). Through the process of social interaction, social phenomena are in constant state of revision (Remenyi et al.,1998). Smirich (1983) notes that objectivists would tend to view the culture of an organization as something that the organization "has". On the other hand, the subjectivist's view would be that culture is something that the organization "is" as a result of a process of continuing social enactment.

(b) Epistemological assumptions

Epistemological assumptions discuss the grounds on which knowledge is founded (Easterby-Smith, Thorpe and Lowe, 2004) and beliefs about the way in which knowledge is construed (how we come to know). The debate commences with two contrasting views of how

social science research should be conducted. It presents extreme positions on the issues of whether knowledge is something that can be acquired or something personally experienced (Burrel and Morgan, 1979). The view that knowledge is 'hard', objective and tangible suggests that a researcher adopts the role of an observer. However, to view knowledge as personal, subjective and unique in nature requires that researchers become involved with their subjects. To subscribe to the former is to be positivist and to prefer the latter is to be interpretivist (Weick, 1984). Although it is now possible to draw up comprehensive lists of assumptions and methodological implications associated with each position, it is not possible to identify any philosopher who ascribes to all aspects of one particular view. Occasionally, an author from one side produces ideas which belong more neatly to those of the other side (Silverman, 1998).

(c) Assumptions on the relationship between human nature and its environment

Burrel and Morgan (1979) state that the relationship between human nature and its environment is the extent to which the research assumes a deterministic view or one of voluntarism. The interpretivist view on human nature is that the human being is autonomous and in control of the social environment. Human action, therefore, proceeds not from direct response to external stimuli but from the sense and meaning people make of various situations. The role of research is thus to understand how people construct meanings and make sense of their lived experience. The research approach is *aposteriori* driven, so the researcher by induction, uses the data from observation to construct explanations leading to grounded theory of the observed phenomenon (Punch, 1998; Remenyi et al., 1998)

For the positivist, a science of behaviour, causal relationships and effects based on the logic and method of science is applicable to the social world. On that premise, the human being is viewed as being entirely a product of his or her environment that reacts mechanically and determinedly to the external conditions of the environment in much the same manner as matter responds to stimulus to which it is exposed. Human behaviour, positivists argue, can therefore be explained in terms of cause and effect relationships which can be assessed and quantified as objective data of external reality (Burrell and Morgan, 1979; Strauss and Corbin, 1998). The causal relationships of the social world, according to the positivist school, can be established by the natural science method of proceeding on experimental investigation by *apriori* process of verification or falsification of grand theories (Silverman, 1998).

(d) Methodological assumptions

The three previous assumptions discussed have implications as to how knowledge is obtained and how issues are investigated. These are discussed as follows.

(i) Positivism

The key idea of positivism is that the social world exists externally, and that its properties should be measured through objective methods, rather than being inferred subjectively through sensation, reflection or intuition (Saunders, Lewis and Thornhill, 2007). The French philosopher (Auguste Comte, 1853) is cited by Easterby-Smith, Thorpe and Lowe, (2004, p28) as the first person to encapsulate this view when he said: "*All good intellects have repeated, since Bacon's time, that there can be no real knowledge but that which is based on observed facts.*" Comte's statement contains two assumptions. First an ontological assumption, that reality is external and objective, and second, an epistemological assumption that knowledge is only of significance if it is based on observations of this external reality. Another important component of the positivist approach to research is that the research is undertaken in a value-free way. The assumption is that the researcher is independent of and neither affects nor is affected by the subject of the research (Remenyi et al., 1998; Bell, 2005).

(ii) Interpretivism

Interpretivism (or phenomenology) is an epistemology that advocates that it is necessary for the researcher to understand the differences between humans in their roles as social actors. It emphasizes the difference between conducting research among people rather than objects. The key premise of phenomenology is the view that the social world and reality are neither objective nor exterior but are socially constructed (Easterby-Smith, Thorpe and Lowe, 2000). Epistemologically, interpretivism is diametrically opposite to positivism and posits that reality resides in people's minds rather than in external objects. All that can therefore be known of reality and the outside world, are people's perceptions, interpretations and the sense they make of the world around them. On this premise, reality is not fixed but changes and develops according to people's experiences and social context (Burrel and Morgan, 1997). Its ontology is nominalist; it assumes that the social world has no real, concrete structure but consists of concepts, names, labels, etc which are used to describe, negotiate and make sense of the external world. Interpretivism underpins the qualitative methodological research approach (Shotter,1993; Saunders, Lewis and Thornhill, 2007).

(iii) Social Constructionism

The new paradigm which has been developed by philosophers during the last half of the 20th century, largely in reaction to the application of positivism to the social sciences, stems from the view that "reality" is not objective and exterior but is socially constructed and given meaning by people. Social constructionism is one of a group of approaches referred to as interpretive methods (Habermas, 1970). The idea of social constructionism focuses on the ways that people make sense of the world especially through sharing their experiences with others via the medium of language. This view holds that reality is determined by people rather than by objective and external factors. Hence the task of the social scientist should not be to gather facts and measure how often certain patterns occur, but to appreciate the different constructions and meanings that people place upon their experience (Watzlawick,1984; Shotter, 1993). The focus should be on what people individually and collectively are thinking and feeling, and attention should be paid to the ways they communicate with each other, whether verbally or non-verbally. One should therefore try to understand and explain why people have different experiences, rather than search for external causes and fundamental laws to explain their behavior (Easterby-Smith, Thorpe and Lowe, 2000).

(iv)Post-Positivism

Lincoln (1985), referring to the previous work of Schwartz and Ogilvy (1979), argued that the world is now in an era of post-positivism, and that this paradigm shift has led to the emergence of the naturalistic paradigm. In this paradigm, the world is viewed as pluralistic, interactive and holographic. Guba (1985) articulates this notion as being based on the view that everything is interconnected like a vast network of interference patterns, each part containing information about the whole. The implication is that the naturalistic paradigm views the world as an indeterminate universe (Lincoln, 1985) that is neither predictable, linear nor consisting of direct cause-and-effect relationships. Inquiry in the naturalistic paradigm is, therefore, based on a number of axioms that contrast sharply with the previous discussion of inquiry in the positivist tradition (Guba,1985). Most significantly, the ontological assumption is made that an understanding of reality is relative to how the individual or group, creates and interprets the world. The naturalistic paradigm recognizes the importance of the subjective experiences of the respondent. Thus, the assumption is made that any construction is the respondent's attempt to make sense of reality, and that this sense will be dependent on the information available - as this changes, so can the construction change. This inherently suggests that the posture of pure objectivity is an illusion and that the posture of perspective (Schwartz and Ogilvy, 1979) may be

more appropriate in that it accepts that any one phenomenon can be viewed from a multiplicity of perspectives (Lincoln, 1985; Guba, 1985; Schwartz and Ogilvy, 1979).

(v) Pragmatism

Pragmatism argues that the most important determinant of the research philosophy adopted is the research question; one approach may be "better" than the other for answering particular questions (Saunders, Lewis and Thornhill, 2007). If the research question does not suggest unambiguously that either a positivist or interpretivist philosophy is adopted, it confirms the pragmatist's view that it is perfectly possible to work with both philosophies (Silverman, 1998; Saunders, Lewis and Thornhill, 2007). Tashakkori and Teddlie (1998) suggest that it is more appropriate for the researcher in a particular study to think of the philosophy adopted as a continuum rather than opposite. They contend that pragmatism is intuitively appealing largely because it avoids the researcher engaging in what they see as rather pointless debates about such concepts as truth and reality. In their view:

> "*you should study what interests you and is of value to you, study in the different ways in which you deem appropriate, and use the results in ways that can bring about positive consequences within your value system*" (Tashakkori and Teddlie, 1998, p 22).

5.2.2 Implications of the Philosophical differences

Positivism and Interpretivism demand considerably different approaches to research. Positivist epistemology tries to understand a social setting by identifying individual components of a phenomenon, and then explaining the phenomenon in terms of constructs and relationships between constructs. Therefore this perspective encompasses a more quantitative approach. The positivist researcher is likely to use a highly structured methodology in order to facilitate replication. Furthermore, emphasis will be on quantifiable observations that lend themselves to statistical analysis (Cavaye, 1996; Gill and Johnson, 2002).

The interpretivist approach however, aims at understanding a phenomenon from the participant's point of view, who is directly involved with the phenomenon. This perspective therefore involves the qualitative approach (Malhotra and Birks, 2000; Bell, 2005). It would be easy to fall into the trap of thinking that one research approach is "better" than another. Both are "better" at doing different things. As always, which is "better" depends on the research question(s) one is seeking to answer (Saunders, Lewis and Thornhill, 2007).

Practically, research rarely falls neatly into only one philosophical domain. Although there is a clear dichotomy between the positivist and interpretivist world views, and sharp differences of opinion exist between researchers about the desirability of methods, the practice of research involves a lot of compromises between these pure positions (Tashakkori and Teddlie, 1998; Easterby-Smith, Thorpe and Lowe, 2004). Business and management research is often a mixture between positivist and interpretivist positions, perhaps reflecting the stance of realism (Saunders, Lewis and Thornhill, 2007).

5.2.3 The Author's Philosophical Stance and Assumptions

The choice of a research approach is important, as it enables more informed decision to be made about the research design, helping to decide on research strategies and choices that are effective (Easterby-Smith, Thorpe and Lowe, 2002). Ontologically, the author rejected nominalism in favour of realism and assumed that multiple realities exist, such as those of the author; SME Exporters; EAs; EPAs; the Government; and the readers or audience interpreting this study. Epistemologically, the researcher adopted pragmatism given the multi-dimensional nature of the research question which suggested the possibility of working with both positivist and interpretivist philosophies (Saunders, Lewis and Thornhill, 2007) and as pragmatism is intuitively appealing (Tashakkori and Teddlie, 1998). The author recognized that the international business environment in which SME exporters and EAs operate is complex, diverse and not necessarily predictable, calling for a move away from the strong predominance of a positivist approach to alternative methodologies such as the qualitative approach (Carson and Coviello, 1995; Hill and McGowan, 1999). The other aspect of this research was to measure relationships between SME exporters and EAs and to test hypotheses, which inclined the study to the positivist approach. Considering the foregoing discussion, the pragmatist stance which accommodates the positivist and the interpretivist traditions was adopted for this study.

5.3 RESEARCH DESIGN

Creswell and Plano-Clark (2007) state that research design is the plan for how the research will be conducted. Conducting any type of research should be governed by a well-defined research methodology based on scientific principles. Such methodologies are considered to be systems of explicit rules and procedures upon which research is based and against which claims about knowledge are evaluated (Frankfort-Nachmias and Nachmias, 1996).

5.3.1 Research Design Approaches by Previous Researchers on SME Internationalization

A useful starting point in deciding research methodology is to review previous approaches and to emulate the most suitable. Existing approaches to conducting research on SMEs are rooted in the big firm mindset and therefore in positivist thinking, focusing mainly on survey methods. Such existing approaches for researching in SMEs are inappropriate (Carson and Coviello, 1996; Hill and McGowan, 1999). Fillis (2001) surveyed the literature on internationalization research and identified a number of theoretical and practical inadequacies in terms of theory's inability to describe the behavior of small firms. Observing an overall quantitative slant in previous internationalization research, Fillis (2001) noted that the case study method which can utilize either quantitative or qualitative data collection and analysis or both, and which has the benefit of a longitudinal approach, is under-represented. In support, Hill and Wright (2001) observe that the SME context reflects nuances and subtleties that force a new line of thinking on what is or is not appropriate methodology for conducting research in such firms. They state that although the bulk of prior research into small firms has its roots in positivist thinking, such approaches do not yield a rich understanding of the key issues affecting small firms' marketing. The dominance of the quantitative method serves to slow down new theory generation and in a climate where more and more smaller firms are internationalizing than ever before, there is a need for a range of alternative methodologies in order to try to understand such behavior (Hill and McGowan, 1999). Future research using a variety of approaches from within and outside the business area is encouraged, in order to contribute towards creative international entrepreneurship theory (Hill and Wright, 2001; Fillis, 2001).

Coviello and Jones (2004) carried out a review of over fifty empirical studies in international entrepreneurship in order to gain insight into the "state of the art" of international entrepreneurship methodologies. They call for the adoption of a multi-disciplinary approach to investigations and acknowledged the need for dynamic, time-dependent research designs which integrate positivist and interpretivist methodologies. Hollenstein (2005) supports this view and advances that with the globalization of markets and the increasing speed with which industry and product life cycles occur, various methods may be needed in order to understand contemporary behavior of the internationalizing firm. In an internet-driven world in the 21st century, it would be imperative for marketing researchers to examine carefully the different paradigms for research into SMEs which in practice means getting in close to them and to their enterprises, and not worrying about subjectivity versus objectivity (Hill and Wright, 2001) . It is the considered view of Creswell (2009) that when all of the SME factors and various competing orientations are

taken into consideration, no one research approach is appropriate, and what is needed is an integrated approach to SME research.

5.3.2 Research Paradigm and Methodological Choice

Paradigms represent ways of seeing the world through a definition of the field (Kuhn, 1996) hence there is the need to decide on the paradigm through which a research topic is seen, to determine the paradigm in which the research will be located. This choice leads to the adoption of the deductive, inductive and multiple methodologies as investigatory approaches (Trafford and Leshem, 2008). The author located this study in the socio-economic paradigm, as economic concepts (e.g. GDP, export value, export volume, entrepreneurship, trade support, global market, competitiveness, market entry) and related sociological concepts (e.g. Trust, partnership, inter-firm relations, leadership, actor bonds, collaboration, networks, organizational culture) dominated the study. The choice of a socio-economic paradigm which suggested description, measurement and understanding of variables inclined the study to mixed-methods.Based on the socio-economic paradigm adopted and the multiplicity of issues involved, the author concluded that one methodology would not effectively address all aspects of the research question. It was conjectured that the mixed-method approach which combines the qualitative and quantitative methods was more likely to provide a robust methodology for this study. O'Leary (2004, p. 150) noted:

> *"Collecting credible data is a tough task, and it is worth remembering that one method of data collection is not inherently better than another. Therefore, which data collection method to use would depend upon the research goals and the advantages and disadvantages of each method".*

Curran and Blackburn (1994) cite Mitchell's (1969) position that understanding export networks is achieved by examining their interactional and morphological dimensions and that morphological attributes can be measured by using quantitative methods, whilst the interactional dimensions demand a quantitative approach. On one hand, there existed a wealth of literature on SME exporters from which the researcher could formulate hypotheses and define a theoretical framework which inclined the study to deduction. On the other hand, there was limited literature concerning EAs and it was more appropriate to work inductively by generating data and analyzing and reflecting on the theoretical themes the data was suggesting. Easterby-Smith, Thorpe and Lowe, (2004) recommend that before adopting any method of data collection, the research question and objectives of the research need to be clearly considered. In this regard, it

was observed that the research question for this study (*To what extent are Export Associations in Ghana supporting SME Exporters to be competitive on the export market?)* was multi-dimensional, dealing with three key factors namely: Export Associations, SME Exporters and the export market. Also, the research objectives had both qualitative and quantitative dimensions, just as the socio-economic paradigm within which the research was located. Given the multi-dimensionality of the research, the author was convinced that mixed-methods was the most appropriate methodology, as it would offer insight and explanation through the qualitative approach and ensure measurement and external validity via the quantitative approach. Additionally, mixed-methods would enrich data collection by enabling the author to draw on the strengths associated with both the qualitative and quantitative methods (Johnson and Onwuegbuzie, 2004). Thus the author's philosophical stance (pragmatism); the demands of the inquiry context and the diverse information needed to answer the research question; as well as a consideration of approaches by previous researchers on the SME Internationalization influenced the choice of mixed-methods.

Considering the nature of the research question, and given that the author was interested in studying the role of EAs at a particular time rather than over a period, the study adopted the cross-sectional or 'snap-shot' approach (Saunders, Lewis and Thornhill, 2007). Concerns have been raised about cross-sectional studies on SME growth through internationalization and calls have been made for investigating firm internationalization and growth over longer periods of time to identify change factors (Wright, Westhead, and Ucbasaran, 2007). Notwithstanding, the author adopted the cross-sectional design rather than longitudinal, being interested in the status-quo rather than how EAs have changed over time.

Prior to discussing how the research was undertaken, the strengths and weaknesses of the qualitative, quantitative and mixed-methods were examined to assist the author devise the appropriate strategies for fieldwork.

5.3.3 The Qualitative Method - Strengths and Weaknesses

Van Maanen (1983, p9) defines qualitative techniques as "*an array of interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomenon in the social world*". Qualitative research allows researchers to understand human phenomena and is useful in investigations of interpretations and meanings that respondents give to events they have experienced. A qualitative investigation is interested in distilling meaning and understanding phenomenon, as it is not possible to assign meaning to a phenomenon (or behaviour) without

describing the context and understanding the position of the people who affect, or are affected by the phenomenon (Tillal et al., 2002; Goulding, 2005; Bell, 2005). Rather than relying on large sample sizes to remove bias as in a quantitative study, a qualitative approach values the views of specific research subjects and attaches importance to what might be learned from their respective experiences (Silverman, 1998). Qualitative research is used optimally for situations which will increase understanding, expand knowledge, clarify the real issues, generate hypothesis, identify a range of behaviours, attitudes and behaviour, and identify distinct behavioural groups (Gordon and Langmaid, 1988). Goulding (2005) states that qualitative research facilitates the ability to gain valid insights, develop theory and aid efficient decision making. It is not always possible or desirable to use quantitative methods to obtain information from respondents as people may be unwilling or unable to answer certain questions, unwilling to give truthful answers to questions that invade their privacy, embarrass them or have a negative impact on their ego or status (Malhotra, 2000).

From the negative perspective, Tillal et al., (2002) identify a number of contentious issues pertaining to qualitative research. First the inability of the researcher to interpret events from the subject's point of view is questioned. Secondly, the relationship between theory and research can be weak, as qualitative research approaches are criticized for not instilling theoretical elements. Thirdly, qualitative research is thought to have limited external validity, the extent to which qualitative findings can be generalized beyond the confines of a particular case. Additionally, qualitative data collection and analysis may be labour-intensive and time-consuming (Bell, 2005).

5.3.4 The Quantitative Method - Strengths and Weaknesses

Quantitative research places emphasis on methodology, procedure and statistical measures of validity to determine relationships between one set of data and another to produce quantifiable conclusions (Tillal et al., 2002). A central advantage of quantitative methods is their ability to use smaller groups of people to make inferences about larger groups that would be prohibitively expensive to study (Holton and Burnett, 1997). Statistical analysis is used to test any relationships and large sample sizes are used to minimize sample bias. Such research produces results that show the strength of dependence between variables, measures how much, how often, and ranks factors in order of importance. The strengths of the quantitative paradigm are that its methods produce quantifiable, reliable data that are usually generalizable to some larger population (Silverman, 1998).

The greatest weakness of the quantitative approach is that it decontextualizes human behavior in a way that removes the event from its real world setting and ignores the effects of variables that have not been included in the model (Bell, 2005). Quantitative research methods are criticized for their apparent orderliness and linearity, and their lack of concern for resource constraints. They are weak when used with the objective of discovery. Once data collection is underway, there is little an investigator can do upon realizing that a crucial item has been omitted from the questionnaire, or upon discovering that a question is ambiguous or being misinterpreted. Quantitative research is considered unable to take account of the differences between people and the objects of the natural sciences (Gable, 1994; Silverman, 1998).

5.3.5 Mixed-methods – Strengths and Weaknesses

Burrel and Morgan (1979) argue that quantitative and qualitative research methods are mutually exclusive because their underlying assumptions are seen as contradictory. In support of this view Polit and Hungler (1999) state that qualitative and quantitative researchers often operate with a different set of assumptions about the world and ways of learning about it may be seen as inevitably irreconcilable. Adopting a contrary position, Gable (1994) and Remenyi et al., (1998) insist these alternate research methods should be seen as the ends of a continuum and suggest both methods are selected because they provide the required data to produce a complete piece of research. Qualitative and Quantitative approaches should not be viewed as polar opposites or dichotomies. Instead, they represent different ends on a continuum (Newman and Benz, 1998). Creswell (2009) observes that a study tends to be more qualitative than quantitative and vice versa, and mixed-methods research resides in the middle of this continuum because it incorporates elements of both qualitative and quantitative approaches.

Combining the deductive and inductive approaches is a method advocated for behaviour-oriented studies (Kamath et al., 1987; Bell and Young, 1998) and prevents the research from becoming method-bound. Mixed-methods evens out the inherent weaknesses in each approach, creating a balanced and complementary feedback. It provides more perspectives on the phenomena being investigated and results in more robust and reliable findings that in turn may lend themselves to more valid and reliable generalizations. Not only is it perfectly possible to combine deduction and induction within the same piece of research but it is advantageous to do so (Easterby-Smith, Thorpe and Lowe, 2004; Lancaster, 2005). An advantage of mixed-methods lies in the potential for enhancements to the validity of the study findings. When a researcher's hypothesis or model is supported by multiple or complementary types of data, the researcher can be much more confident about the validity of results (Polit and Hungler, 1999). Mixed-methods research involves the use of both qualitative and quantitative approaches in

tandem so that the overall strength of a study is greater than either qualitative or quantitative research (Creswell and Clark, 2007). The problems addressed by social science researchers are complex, and the use of either quantitative or qualitative approaches by themselves is inadequate to address the complexity (Creswell, 2009). Mixed-methods helps provide a more complete picture of the investigated phenomenon by combining different research strategies (Erzberger and Prein, 1997). Onwuegbuzie and Leech (2005) suggest that utilizing mixed-methodologies within the same study helps the researcher to delve into a dataset in order to understand its meaning and to use one method to verify findings from the other method. In further support of this position, Creswell (2009) states that there is more insight to be gained from the combination of both qualitative and quantitative research than either form by itself. Mixed-methods generate new knowledge through a synthesis of knowledge from different approaches and reflect the complexity of a multi-faceted phenomenon (Foss and Ellefsen, 2002).

Adopting a negative stance on mixed-methods, Tashakkori and Teddlie (2003) argue that mixed-methods may lack the required depth as resources would have to be thinly apportioned to two methodologies instead of one, and the researcher may end up not doing both well. Polit and Hungler (1999) draw attention to the challenges of integrated data analysis using mixed-methods. They suggest that the researcher may be confronted with issues about how best to combine numeric and narrative data or about how to resolve and interpret inconsistent or contradictory findings. Laws (2003) cautions that accounts collected from different perspectives may not match tidily and there may be mismatches or even conflict between them hence the need to critically examine the meaning of any mismatches to make sense of them. Bryman (2006) argues that mixed-methods has become a fad and that it is only acceptable if it is relevant to the research objectives in which one is interested. Creswell (2007) further notes that the mixed-method approach poses some challenges for the inquirer, including the need for extensive data collection, the time-intensive nature of analyzing both text and numeric data, and the requirement for the researcher to be familiar with both quantitative and qualitative forms of research. The above-mentioned challenges were considered and factored into the research design as reflected in the rest of this chapter.

5.3.6 Approach to Mixed-methods and Sequence of Data Collection

The qualitative method was adopted as the primary method of data collection based on the nature of the research objectives which required more qualitative than quantitative approaches as shown in table 5.1.

Table 5.1: Link Between Research Objectives, Methodology and Methods Employed

Research Objective	Methodology	Method Adopted
RO1. To assess the type and level of trade support Export Associations provide to SME exporters in Ghana	Quantitative Qualitative	Face-to-Face Questionnaire Semi-structured Interview In-depth Interview
RO2. To ascertain the key network challenges confronting Export Associations in Ghana.	Qualitative	Semi-structured Interview In-depth Interview
RO3. To discover the types and levels of trust existing within Export Associations in Ghana	Quantitative Qualitative	Face-to-Face Questionnaire Semi-structured Interview
RO4. To assess the impact of the Internet on the survival of Export Associations in Ghana	Quantitative Qualitative	Face-to-Face Questionnaire Semi-structured Interview
RO5. To recommend strategies for improving the effectiveness of Export Associations in supporting SME Exporters in Ghana.	Qualitative	Semi-Structured Interview In-depth interview

Mixed-method design can be classified as simultaneous or sequential (Filed and Morse, 1985). Sequential mixed-method is used if the results of one method are essential for planning the next method (Filed and Morse, 1985). Sequential mixed-method was adopted, leading to the choice of sequential explanatory design typically used to explain and interpret quantitative results by collecting and analyzing follow-up qualitative data (Creswell, 2009). With this approach, a first stage quantitative data collection informs a second stage qualitative study (Tashakkari and Teddle, 1998). Sequential explanatory strategy was employed as it was reckoned the research question would best be answered by initially collecting quantitative data and subsequently clarifying using qualitative techniques. Also, the author required the input of quantitative data to plan for the qualitative investigation. Sequential explanatory strategy is supported by Tashakkori and Teddle (1998) and Greene (2007), who state that qualitative methods can be used to help explain quantitative findings. Saunders, Lewis and Thornhill, (2007) suggest one may employ questionnaires to collect descriptive data initially for a feel of the key issues before using qualitative approaches to gain explanation, which provides confidence that one is addressing most important issues. Thus initial quantitative data were obtained from a survey which enabled the measurement of key variables within EAs such as the extent of support offered to SME exporters by EAs; the levels of Trust; AAR bonds; Dynamic Capabilities; Entrepreneurial Orientation and relevant relationships pertaining to EAs and SME exporters. This was followed

by the collection of qualitative data two and a half weeks later, which enabled the author to understand and confirm earlier quantitative results. Details of qualitative and quantitative data collection approaches by the author are described in the rest of this chapter.

5.4 QUALITATIVE DATA COLLECTION & ANALYSIS

5.4.1 Approach to Sampling

The author employed the non-probability purposive sampling method to obtain a reliable sample of EAs and EPAs. Neuman (2000) suggests that purposive sampling method is used where the researcher wishes to select cases that are particularly informative and when working with very small samples. Parahoo (2006) denigrates purposive sampling as weak with low credibility for findings as participants are self selected, and may be atypical of the population. Furthermore, those who agree to take part in a study may have different attitudes and beliefs on the issue being investigated from those who refuse to take part, which affects the validity of the results (Parahoo, 2006). Notwithstanding, purposive sampling was adopted for the research in order to effectively answer the research question by obtaining relevant information which met research objectives (Saunders, Lewis and Thornhill, 2007). Another rationale for the choice of purposive sampling was the author's need to obtain information from EAs across all the three NTE sub-sectors namely: Agriculture; Handicraft; and Processed sectors.

Webb (2000) states that the choice of the size of the sample is a matter of compromise because of resource constraints. Given the nature of the enquiry and considering resource limitations, a small sample size was used. Saunders, Lewis and Thornhill, (1997) suggest that as interpretivism is characterized by a focus on the meanings that research subjects attach to social phenomena; an attempt by the researcher to understand what is happening and why it is happening, the study of a small sample of subjects may be more appropriate than a large number as with the positivist approach. Accordingly 24 EAs (8 each from the Agriculture, Handicraft and Processed/Semi-Processed sectors) were selected from a sampling frame obtained from GEPC which listed the names and contact details of 57 Export Associations. The sample size of 24 for the study was judged adequate, considering previous research sample sizes. For example Kautonen (1996) studied 14 export grouping networks of furniture producers of the Lahti region in Finland; Ceiglie and Dini (1999) studied a network project, supported by UNIDO in Nicaragua involving some 20 horizontal networks and O'Reilly and Haines (2004) compared two SME marketing networks designed to promote regional specialty food products.

Similarly, purposive sampling was used to select 4 EPAs for in-depth interviews namely; Ghana Export Promotion Council (GEPC); Federation of Associations of Ghanaian Exporters (FAGE); Ghana Export Trade Information Centre (GETIC) and Export Finance Company (EFC). These EPAs were selected out of several other EPAs in Ghana because of their focus on the NTE sector and the fact that they were highly involved with SME exporters and Export Associations. Moreover, significant part of the information which was required to assist answer the research question were held by the above-mentioned EPAs.

5.4.2 Development of Interview questions and probing techniques

Semi-structured interview questions (Appendix 2) were drawn from themes derived from the literature review and insights from GEPC and FAGE. Semi-structured interview questions were also framed to elicit clarification and explanation of responses from the earlier survey with SME exporters. Table 5.2 illustrates how semi-structured interview questions were linked to the research objectives to demonstrate their relevance.

Interview guides were designed for indepth-interviews with 4 EPAs and 2 selected EAs only after the semi-structured interviews with EAs. The import was to craft questions for in-depth interviews based on responses from semi-structured interviews with EAs to gain further understanding and clarification. Appendices 3 and 4 illustrate in-depth interview guides designed for two selected EAs and EPAs respectively.

Probing techniques were used to gain further clarification (Easterby-Smith, Thorpe and Lowe, 2004) and to induce respondents to expand, explain their answers and focus on the specific content of the interview (Malhotra and Burks, 2000). Probing techniques used included: repeating the question; repeating the respondent's reply; using a pause or silent probe; boosting or reassuring the respondent; eliciting clarification and using objective or neutral questions or comments such as: *Tell me more about..... Explain what you mean by ...What else do you have to say about .....?*

Table 5.2: Development of Semi-structured Interview Questions for Export Associations

Research Objectives	Interview questions developed from Literature Review themes, past research, GEPC & FAGE insights etc.
RO1 To assess the types and levels of support EAs provide to SME exporters in Ghana.	What is your role as an EA and how important is this role in the light of current global trade environment? What types or forms of support do you provide for your members and how adequate are they?
RO2 To ascertain key network challenges confronting EAs in Ghana.	As an EA what are some of the challenges you face? Please describe the actor bonds, activity links and resource ties in your EA How would you describe the level of entrepreneurial orientation of your EA. How would you assess the dynamic capabilities of your Export Association Do you have working relationships with other EAs within or outside your sector or abroad? If not why?
RO3 To discover the types and levels of trust existing within Export Associations in Ghana.	What is the nature and level of trust between you as Association leaders and your Association members? What is the nature and level of trust among your members? What is the impact of these trust relationships on the EA?
RO4 To assess the impact of the Internet on the membership of EAs in Ghana	What is the impact of the Internet in your EA? Would you say internet adoption is disintegrating your EA? If yes, how?
RO5 To recommend strategies for improving the effectiveness of EAs in supporting SME Exporters in Ghana.	How can your EA be improved with reference to other export networks abroad? What is your view on the proposal to inject external persons into your management teams? In what ways can industry players and international donors assist your EA to be more effective? What concrete steps need to be taken to make Export Associations more effective?

5.4.3 Approach to Semi-structured and In-depth Interviews

(i) Semi-Structured Interviews

. Easterby-Smith, Thorpe and Lowe (2000) argue that the key factors in international business are essentially socially constructed; hence it is important to employ research methods drawn from the qualitative perspective. The semi-structured interview technique was adopted as the main qualitative method. Semi-structured interviews are used to gather data which are normally analyzed qualitatively and used not only to reveal and understand the "what" and the "how" but also to place emphasis on exploring the "why" (Saunders, Lewis and Thornhill, 2007 p 313). Semi-structured or unstructured interviews have been found to be particularly effective for collecting data from owner managers of small enterprises (Curran and Blackburn, 1994) and provide an opportunity to track responses and to obtain ordered explanation (Creswell, 2009). It also enables probing for more understanding and provides for an interaction with people (Easterby-Smith, Thorpe and Lowe , 2000). Having " *key themes and sub-questions in advance lies in giving the researcher a sense of order from which to draw questions from unplanned encounters*" (David and Sutton, 2004, p. 87). Semi-structured interview technique furthermore ensured that fairly consistent questions were asked across the Agricultural, Handicraft and Processed/Semi-processed sub-sectors.

On the other hand, a drawback of semi-structured interviews is that inexperienced interviewers may not be able to ask prompt questions so some relevant data may not be gathered. In addition, inexperienced interviewers may not probe into a situation (Kajornboon, 2004). Semi-structured interviews are furthermore time consuming and resource intensive. Such potential weaknesses were identified and catered for by the author by developing qualitative interviewing and probing techniques at the London Metropolitan Business School prior to field work.

Requests for interview appointments were sought (Appendix 12) and obtained from target respondents through written communication which stated the purpose, nature, content and duration of interviews as well as an assurance of confidentiality and anonymity, and the intention to record the interviews. First phase qualitative data collection involved conducting semi-structured interviews with selected EAs. Prior to each interview, the researcher ensured the development of rapport with the interviewees and reassured them of confidentiality. Next the purpose of the study was recapped and the interviewees were reminded that the interview would be recorded as indicated previously. Tape-recording was deemed useful to enable the interviewer keep eye contact with the interviewees, assist accurate note taking and to check the wording of

any statement made which needed to be quoted during analysis (Kvale, 1996; Easterby-Smith, 2000). Interview questions were targeted at EA presidents or chairpersons as key informants, though contributions were made by other EA leaders present during the interviews. Kvale (1996), Kent (1999) and Saunders, Lewis and Thornhill (2007), suggest that not all interviews are one-to-one. Whilst executive interviewing will sometimes be with more than one executive, semi-structured or in-depth interviews can be conducted on a group basis where the researcher meets with a small group of respondents to explore an aspect of the research. Recording the interviews enabled the researcher to analyze the verbatim responses of interviewees (Zikmund, 2003) and allowed for coding, summarizing and noting of particular comments of interest without having to try to write them down during the course of the interview (Bell 2005). Occasional notes were taken during the interviews which lasted between 45 to 50 minutes each. At the end of each interview, the author expressed appreciation to the interviewees for their time and input.

Though 24 EAs were targeted, 19 comprising 8 from the Agricultural sector, 6 from the handicraft sector and 5 from the processed/semi-processed sub-sectors were actually interviewed. Five EAs which had earlier agreed to participate, withdrew at the last minute for lack of time to grant interviews, loss of interest or for undisclosed reasons. Unfortunately, the 5 EAs which opted out could not be replaced in the sample frame due to time limitations, try as the author would. Notwithstanding, 19 successful interviews with EAs were considered adequate considering past research, and considering that this mixed-method study had also surveyed 259 SME exporters. Smith and Fletcher (2003) argue that small samples can provide a fairly robust indicator in qualitative studies. Appendix 5 shows a list of EAs interviewed.

(ii) In-depth Interviews

The in-depth interview technique was employed as the second qualitative technique for the research. In-depth interviews are often used to provide context to other data (such as outcome data), offering a more complete picture of 'what' happened and 'why' (Boyce, 2006). Tull and Hawkins, (1990) suggest that in-depth interviews are thought to be one of the best methods to investigate an individual's (SME owner-manager) behavior or attitudes and have been found to be particularly useful where a detailed analysis needs to be conducted of complex situations and in situations where the prime intention is to explore rather than to measure (Webb, 2000; Malhotra and Burks, 2000). The author considered the demerits of in-depth interviews prior to its employment. When in-depth interviews are conducted, generalizations about the results cannot usually be made because small samples are chosen and random sampling methods are not

used. In-depth interviews are also prone to bias and time intensive (Boyce, 2006). Concrete steps were taken to minimize the effect of such setbacks. For example to minimize bias, it was ensured that questions were carefully asked and non-verbal behaviors were not suggestive to create bias in the way that interviewees responded to the questions asked (Bell, 2005).

Second phase qualitative data collection involved conducting in-depth interviews with key officials from four leading EPAs, namely: GEPC, GETIC, FAGE, and EFC. This technique was adopted as the author required detailed information to further understand responses from the earlier survey of SME exporters and semi-structured interviews with EAs. Interview procedures described above were similarly followed during in-depth interviews which lasted nearly an hour and a quarter each. Appendix 6 shows a list of EPAs interviewed.

Third phase qualitative data collection involved in-depth interviews with 2 EAs (one high-performing and one poor-performing) selected on the basis of feedback from semi-structured interviews and suggestions from EPAs. The purpose of interviewing the two EAs was to identify factors which accounted for high and low EA performance and to gain deeper understanding of how the two EAs operationalized AAR bonds (actor bonds; activity links; and resource ties) (Hakansson and Snehotha, 1995). Each of the two in-depth interviews followed the interview protocols described in phase 1, lasting one and quarter hours each. For the sake of confidentiality, the high performing EA has been referred to as AA and the poor-performing as BB in this and subsequent chapters. The two EAs were contrasted using the management model of Fayol (1949), deemed appropriate due to its stress on the functional dimension of management.

5.4.4 Analysis of Qualitative Data

Thematic analysis was adopted as the main method for analyzing qualitative data with the support of NVivo8 analytical software.

(a) Rationale for Choice of Thematic Analysis

Thematic analysis is a method for identifying, analyzing, and reporting patterns (themes) within data (Boyatzis, 1998). It is the analysis of textual material in order to indicate major themes or to identify a limited number of themes which adequately reflect the textual data to be found in them (Howitt and Crammer, 2008). Braun and Clarke (2006) suggest that one of the benefits of thematic analysis is its flexibility. Through its theoretical freedom, thematic analysis provides a flexible and useful research tool, which can potentially provide a rich and detailed, yet complex

account of data. Howitt (2010) states that many of the procedures of thematic analysis are shared by other qualitative data analysis methods such as grounded theory. Thematic analysis was considered well-suited for this study due to the apriori concepts and pre-set questions that needed to be addressed (Lacey and Luff, 2007) and due to the thematic analytical approach adopted in studying small export groups in previous research; for example Hudson, Smart and Bourne (2001) and Bell, Crick and Young (2004).

Thematic Analysis is not without flaws. It is a widely-used qualitative analytic method yet poorly demarcated and rarely-acknowledged (Boyatzis, 1998; Roulston, 2001). Its main flaw is that it is not a single, identifiable approach to the analysis of qualitative data. The absence of clear and concise guidelines around thematic analysis confirms the 'anything goes' critique of qualitative research (Antaki, Young and Finlay, 2002). The flexibility of thematic analysis means that the potential range of things that can be said about the data is broad. While this is an advantage, it can also be a disadvantage in that it makes developing specific guidelines for higher-phase analysis difficult, and can be potentially paralyzing to the researcher trying to decide what aspects of the data to focus on. Braun and Clarke (2006) further observe that a thematic analysis has limited interpretative power beyond mere description if it is not used within an existing theoretical framework that anchors the analytic claims that are made. Additionally, thematic analysis is primarily a descriptive approach and is not aimed at theory development (Roulston, 2001; Howitt, 2010).

Inspite of the above criticism of thematic analysis, Braun and Clarke (2006) assert that a rigorous thematic approach can produce an insightful analysis that answers particular research questions. What is important is choosing a method that is appropriate to the research question, rather than falling victim to 'methodolatry', where one is committed to method rather than topic, content or research questions (Holloway & Todres, 2003). Braun and Clark (2006) proposed a six-step approach to thematic analysis involving: (i) Data familiarization; (ii) Initial coding generation; (iii) Searching for themes based on the initial coding; (iv) Review of themes; (v) Theme definition and labeling; and (vi) Report writing. This framework has been adopted by the author for analyzing qualitative data and each stage is described in the next section.

(b) How NVivo 8 Supported Thematic Analysis

NVivo 8 was employed to ensure rigor during thematic analysis (Bazeley, 2009), to enhance data management, ensure control against researcher bias and to create hierarchical structured coding schemes (Miles and Huberman, 1994). NVivo 8 helped the author to manage the data by

organizing and keeping track of records, and by organizing and providing rapid access to conceptual and theoretical knowledge generated in the course of the study. NVivo 8 also supported the author by providing an opportunity to query the data and to construct models to show relationships between cases, ideas or concepts being built from the data (Bazeley, 2009). Throughout the transcription and analysis process, a research journal was kept in NVivo 8 to document ideas about tentative relationships and emerging themes within and between data sets. The NVivo 8 journal was also used as a running record of the research project, to record details, experiences, thoughts and ideas.

5.4.5 Stages of Thematic Analysis

Prior to the commencement of the analysis, recorded interviews were transcribed word-for-word. Transcribed data were then organized into easily retrievable sections. Each interview was given a number and kept in a secure file on the computer. The rest of this section describes how the author followed the protocols of thematic analysis based on the Braun and Clark (2006) model.

Stage 1: Data Familiarization

Data familiarization started during the conduct of interviews and intensified during the process of transcription. It involved re-reading the transcripts carefully, thinking about what was happening in the data to formulate patterns which cohere (Bazeley, 2009) and listening to the tapes to develop familiarization with the data before the formal analysis began. The early thoughts about what was happening in the data suggested ways in which the data might be coded, which were recorded in the NVivo 8 journal.

Stage 2: Initial Coding Generation

The author adopted the theory-led approach in generating initial codes where the structure for initial coding is suggested by the key elements of the theory being applied by the researcher. Willms et al., (1990) suggest that researchers start with some general themes derived from reading the literature and add more themes and sub- themes as they go. Working deductively, codes were developed which represented ideas and concepts within relevant theories used by the author for the interviews. As the author knew before hand from the literature the themes to be employed, nodes on the relevant themes were created in NVivo 8. Child nodes were created from parent nodes as shown in Appendix 8.

Stage 3: Searching for themes based on the initial coding

Themes identification involved examining each case individually and identifying patterns within each interview transcript in order to discover relevant themes. The author collected together all text that had been associated with some thematic idea so they could be examined together and different cases compared. Thematic ideas were posted into nodes that had been created.

Stage 4: Review of the themes

Working inductively at a second stage of coding using the data-led approach, codes were allowed to emerge from the data as part of the noticing process (Seidel, 1998). Accordingly, free nodes were created for new codes which emerged. The applicability of themes to the selected extracts and to the entire data set was carefully checked.

Stage 5: Theme definition and labelling

The process of developing sub-themes continued at this stage. The author revisited the literature and the data to be satisfied that themes had been well-defined and labeled. Searches and queries were made. Clear data patterns and data relationships emerged, ready to be reported.

Stage 6: Report Writing

Report writing is captured in chapter 5, where qualitative findings on EAs and EPAs based on the foregoing thematic analysis protocol have been reported. In cases where interviewees used words, phrases or sentences that were particularly revealing or apposite to the research, they have been quoted verbatim.

5.5 QUANTITATIVE DATA COLLECTION AND ANALYSIS

5.5.1 Rationale for employing the Survey Method

Quantitative data were collected using the survey method. The survey approach gives more control over the research process and with the aid of sampling, generates findings that are representative of the whole population at a lower cost than collecting the data for the whole population (Saunders, Lewis and Thornhill, 2007). The main emphasis is on fact-finding and if a survey is well-structured and piloted, it can be a relatively cheap and quick way of obtaining information (Webb, 1999; Bell, 2005). However, a key drawback of the survey method is that data collected are unlikely to be as wide-ranging as those collected by other research strategies (Malhotra, 2000). There is a limit to the number of questions that any questionnaire can contain and a lot of time will need to be spent ensuring a representative sample, designing and piloting the questionnaire and trying to ensure a good response rate (Baker, 2003). Furthermore, analyzing the results even with readily available analysis software is time consuming (Easterby-Smith, Thorpe and Lowe, 2004). In spite of these drawbacks, the survey method was used to elicit quantitative data for measuring relationships and key variables such as trust; dynamic capabilities; entrepreneurial orientation; and also to test hypotheses. The survey method further allowed data from the Agricultural, Handicraft and the Processed sub-sectors to be compared.

5.5.2 Sampling Strategy

The basic idea of sampling is that by selecting some of the elements in a population, conclusions may be drawn about the whole population (Cooper and Schindler, 2001). Stratified sampling technique was adopted owing to the classification of the NTE sector into Agriculture, Handicraft and Processed/Semi-processed sub-sectors. Stage one of the stratified sampling process involved the partitioning of the population of SME exporters into sub-populations or strata based on the Agriculture, Handicraft and Processed/Semi-processed categories. Stage two involved using simple random sampling to select a reliable sample for the survey.

As sample size is a key factor in the accuracy of the survey results, it was chosen in a way that allowed the statistical analysis to be conducted and also to be representative of the population (Diamantopoulos and Schlegelmilch, 1997). Given the competing influences on sample size determination, the final sample size is almost always a matter of judgment as well as of calculation (Saunders, Lewis and Thornhill, 2007).The author considered factors such as the degree of variation of population characteristics; the anticipated response rate; the degree of reliability required for the sample; the statistical techniques to be employed during the analysis stage; the time available as well as the cost involved in data collection in arriving at the sample

size. A list of 1,296 active SME exporters with their addresses which was obtained from GEPC served as the sampling frame. In consideration of Stutely's (2003) advice of a minimum number of 30 for statistical analyses in each category of an overall sample, simple random sampling was used to select 108 exporters from each of the three categories (Agriculture, Handicraft and Processed/Semi-processed sub-sectors) to constitute an overall sample size of 324. The drawn sample size of 324 was 20% more than the expected final sample in order to minimize the effect of non-response. De Vaus (1996) and Bowling (2002) estimate a 20% non-response rate based on a well-designed questionnaire and good research techniques. Furthermore, the total sample size of 324 (i.e 108 from each of the three sub-sectors: Agriculture, Handicraft and Processed/semi-processed) was drawn, bearing in mind that for a sample size of 100, a sampling error of 10% is tolerable (De Vaus, 1996), giving a 95% confidence that the results in the general population would match those in the sample plus or minus the sampling error.

In selecting sample sizes, Aaker et al., (2001) recommend an approach using comparable and similar exant study's sample size. With respect to research on SME exporters (or non-traditional exporters) in Ghana, Buatsi (2002) sampled 90 SMEs exporters to study the financing of non-traditional exporters in Ghana; Hinson and Sorenson (2006) used 60 firms to explore E-Business among small Ghanaian exporters; Owusu-Frimpong and Mmieh (2007) evaluated the perceptions and marketing practices of 92 non-traditional exporters in Ghana; whilst Hinson, Sorenson and Buatsi (2007) studied internet use patterns of 150 internationalizing Ghanaian NTE SMEs. On the basis of past research therefore, a total sample size of 324 (108 each for the agricultural, handicraft and processed/semi-processed sub-sectors with allowance for 20% non-response) was considered adequate for the study. The background of selected SMEs for the survey were checked with GEPC to ensure that they fell into the authors' definition of SME exporters adopted for this study. It would be recalled that in chapter one, an SME exporter was defined as an individual exporter or an export firm with less than thirty employees, run and controlled under the direct supervision of the owner.

5.5.3 Questionnaire Development

(a) Key Considerations

Questionnaires were developed based on themes derived from the research objectives, the literature review and past research. The author ensured that questions were unambiguous, simple and short enough for respondents not to lose sense of them (Oppenheim, 1984). Jargons; biased words; leading questions; double-barreled questions; negative questions; and hypothetical

questions were avoided to achieve respondent-friendliness and high response rates (Dillman, Sinclaire and Clark,1993). As a significant size of SME exporters in Ghana have not attained any high levels of education (Buatsi, 2003) questionnaires were adapted for translation into local Ghanaian languages for easy understanding. This approach receives support from Cavulsgi and Noar (1987) who state that administering questionnaire in a local language encourages high response rates.

(b) Response Formats

Closed-ended and Open-ended questions were combined to elicit data from SME exporters. Combinations of both types are highly recommended to offset the strengths and weaknesses of each (Polit and Hungler, 1999).

(i) Close-ended Questions

Close-ended questions were used to achieve standardised responses, being quicker and easier to answer and requiring minimal writing (Saunders, Lewis and Thornhill, 2007). Dichotomous questions (choice of only two responses) as well as multiple choice questions (a 'menu' of answers from which respondents select responses) were used, as shown in the following examples.

Question 14	YES	NO	**Source**
As an Exporter, do you use the internet? (Please tick ONE)			Hinson, 2005a

Question 2	**Source**
Please Indicate how long you have been a member of your Export Association by ticking the appropriate box.	Developed by author based on GEPC data (2009)

Under 2 Years	2+ - 5 Years	5+ -10 Years	10+ -15 Years	Over 15 Years

Five-point Likert scales were employed to measure attitude towards given indicators or statements of relevance to the study (Bell, 2005). The adoption of this technique for the bulk of the questions receives support from Diamantopoulos and Schlegelmilch (1997), who state that perceptions about the availability of export assistance programs and incentives can be measured using Likert-scale rating response questions. Five-point Lickert scale was thought to provide wide latitude for respondents to express their opinions on respective indicators or statements (Diamantopoulos and Schlegelmilch, 1997). The author ensured that Likert scales were clear, succinct and understandable to avoid the disadvantage of taking a long time to complete (Malhotra and Burks, 2000). An example is shown below:

Question 7a
Please describe the nature and level of TRUST you have for your Association Leadership by ticking the appropriate box for each trust component listed below.

	Very Low	Low	Average	High	Very High
Willingness to take risk on behalf of members *Adapted from Goran Svensson (2005)*					
Acting with equity *Adopted from Ring and Van de Ven (1992)*					
Placing member's interest ahead of their own *Adapted from Sako (1992)*					
Having the capability to perform as expected *Adopted from Sako (1992)*					
Adhering to written or verbal promises *Adopted from Nicholson, Compeau, and Sethi, 2001)*					
Freely communicating information to members *Adapted from Johnsen (1999)*					

(ii) Open-ended Questions

Though the preference was for closed-ended questions, one open-ended question (displayed below) was asked to identify the type and nature of support SME exporters required which were not being provided by their respective EAs. It was thought that this information could be easily obtained using an open-ended rather than a close-ended question.

Question 21	Source
21. Please describe benefits you derive from small exporters and other export groups which you do not obtain from your Export Association.	Developed by author based on GEPC insight

A few questions combined open-ended and close-ended questions where respondents were required to provide brief explanatory statements to close-ended questions as illustrated below. The purpose was to gain quick and direct explanations to responses.

Question 16	Source
How has your internet usage level affected the level of your participation in Export Association activities? Please tick and explain your response.	Developed based on Sorenson, Buatsi & Hinson (2007)

Degree of Participation	Tick	Reason
I still participate very actively		
I only participate averagely		
I do not participate at all in my Export Association as a result		
I participate but intend withdrawing as a result		
Internet usage has not in any way affected my participation		

5.5.4 Ensuring Reliability & Validity

(a) Reliability

Reliability refers to the degree to which measures are free from random error yielding consistent results and can take two forms: external reliability and internal reliability (Bryman and Cramer, 1999). External reliability was checked during pre-testing via a retest reliability test (Scott and Mazhindu, 2005). This test ensured that the same results were obtained when the questionnaire was administered to the same respondents twice. Tests of internal consistency (Cronbach, 1951) were conducted to determine the internal consistency or average correlation of items in the survey instrument during pretesting. Cronbach alpha coefficient ranging in value from 0.00 to 1.00 was used to describe the reliability of factors extracted from Likert scales. A score above 0.80 indicated a high level of internal consistency (Scott and Mazhindu, 2005) i.e the researcher considered the measures included in the questionnaire to be of a high level of consistency and reliability. Where the scale showed poor reliability during pre-testing, individual items within the scale were re-examined, modified or completely changed to ensure improved reliability.

(b) Validity

No measure is useful without some evidence of its validity, which deals with how well it measures what it purports to measure in the context in which it is applied (Nunnally and Bernstein, 1994). As it is considered appropriate to use measures that have already been tested (Davidsson, 2004), questions posed by the author considered examples from past research. Content-validity was ensured by asking questions which adequately sampled the content being

investigated. Face-validity was achieved by asking a non-expert to assess questions for accuracy and completeness. The author compared the questionnaire with other already validated questionnaire to ensure criterion-related validity. Construct-validity was achieved by focusing on objective rather than abstract constructs (Scott and Mazhindu, 2005).

5.5.5 Questionnaire Pre-testing

Pre-testing is a dry-run of the entire research process aimed at identifying potential fieldwork problems and testing validity and reliability before the main phase of data collection (Webb, 2000). Churchill (1991, p397) recommends that *"data collection should never begin without an adequate pre-test of the instrument"*. Prior to full-scale data collection, the questionnaires were pre-tested to enable an assessment of the validity of questions and the likely reliability of data to be collected. It was also to ensure avoidance of problems in recording the data, to identify potential fieldwork problems and to ensure that all technical and operational aspects of the research had been fully covered (Oppenheim, 1966). The pretest further sought to ascertain meaning and clarity of instructions and questions; relevance of individual questions; logical sequence of the questionnaire; response quality and suitability for analysis; comprehensiveness of categories; key issues missed out in the questionnaire; questionnaire layout and duration for completing the questionnaire (Luck and Rubin, 1987). Draft questionnaires were pre-tested on 24 randomly picked SME Exporters (8 each from the agricultural, handicraft and processed/semi-processed sectors) at the GEPC head office. Pre-testing necessitated the revision of questionnaire wording for easy understanding by SME Exporters. Also, the general unwillingness of SME exporters to participate in the research became imminent during the pre-test. This alerted the author about the need to induce them to achieve a higher response rate. Another significant feedback from pre-testing was the need to deconstruct the 'trust' concept. Thus instead of measuring trust holistically, the questionnaire was re-designed to accommodate 'vertical trust' - trust for EA leaders and 'horizontal trust'- trust amongst SME exporters'. Additionally, questionnaire layout and wording were improved to be more respondent-friendly, for easy completion and to achieve improved overall response rates (Dillman, Sinclaire and Clark,1993). The questionnaires were also further adapted for easier translation into local Ghanaian languages to encourage high response rates (Cavulsgi and Noar, 1987). Thus potential limitations pertaining to the questionnaires and questionnaire administration were minimized.

5.5.6 Administration of Questionnaire

Obtaining 'informed consent' from respondents may not be easy (Cohen, Lawrence and Morrison, 2000). However, this was achieved through a combination of telephone and written communication which explained as fully as possible to SME exporters, the rationale for the research; its scope and content; the nature of questions; why they had been selected to be interviewed; and the duration for completing each questionnaire (Appendix 13). Additionally, respondents were assured of anonymity and confidentiality in written form Kvale (1996).

The target respondent for each SME export firm was the owner/ manager or managing director due to the key role played by the owner-manager in SMEs (Wiklund, 1998). In small firms, owner managers are directly involved in the business and have first-hand information on what is going on in the firm (Yusof and Aspinwall, 2000). In addition, decisions concerning the internationalization of small firms rest very much in the hands of the owner-managers (Coviello and Munro, 1997). Where owner-managers or managing directors were unavailable, their direct assistants provided responses.

Questionnaires were administered face-to-face to owner/managers or their assistants at their offices or at agreed meeting places for convenience purposes. The choice of the face-to-face method was to ensure a high participation rate and to minimize non-response (Cavulsgi and Noar, 1987). Moreover, Hinson and Sorensen (2006) suggest that in Ghana, cultural idiosyncrasies dictate that people are more comfortable filling in a questionnaire that has been personally delivered and thoroughly explained by the interviewer. Each questionnaire took averagely twenty-five minutes to complete. After each interview, respondents were appreciated, and a 'made-in-UK' souvenir was presented to them for their time and input, based on feedback from pre-testing. In all, data collection lasted almost two months. At the end of the process, a total of 270 completed questionnaires out of a target of 324 were obtained. Missing respondents included SME exporters who were not available during the data collection and those who rescinded their decision to participate in the survey at the last minute. Unfortunately, such SMEs could not be replaced by the author due to resource constraints.

5.5.7 Data Preparation and Data Entry

Returned questionnaires were initially checked for completeness and edited for illegibility, inconsistency, ambiguity and unsatisfactory responses (Malhotra and Burks, 2000). Out of the 270 questionnaires retrieved, 11 were rejected due to some of the reasons mentioned above, resulting in 259 valid questionnaires. Coding instructions were developed in a coding book to

aid the coding process. The author next coded the data by assigning a code to each possible response. A data summary sheet was designed to record all codified responses prior to data entry. The data summary sheet listed the actual questions and their labels against codified responses from each questionnaire which was cross-checked over and over again. Codified responses were then carefully entered unto SPSS software for analysis to proceed. In all, a total of 259 entries were made.

5.5.8 Data Analysis

SPSS software was used for descriptive and inferential analysis. Descriptive statistics enabled the author to summarize data in a manner that could be interpreted quickly and easily (Scott and Mazhindu, 2005). This was achieved by use of appropriate descriptive tools such as frequency tables, cross-tabulations and measures of central tendencies and dispersions. Descriptive statistics further enabled a comparative analysis of the agriculture, processing and handicraft sub-sectors. These sub-sectors were compared in terms of their years of Association membership; participation levels; decision factors; support types and levels of domestic and destination support. Inferential analysis was used to validate whether the relationships portrayed by the descriptive analyses were scientifically acceptable or not. Appropriate tools such as Spearman's correlation and Wilcoxon signed rank tests have been used to show the extent of relationships among variables. The following outlines some of the statistical techniques employed by the author with the aid of SPSS.

(a) Testing for significant relationships and differences

The researcher tested for significant relationships and differences by examining probabilities or test statistics. Significance testing was achieved by testing the probability of a relationship between variables occurring by chance alone if there really was no difference in the population from which that sample was drawn (Saunders, Lewis and Thornhill, 2007). If the probability of a test statistic or one more extreme having occurred by chance alone was very low ($p<0.05$) then there was a statistically significant relationship. If however ($p>0.05$), then the relationship was not significant.

(b) Hypotheses testing procedure

Both the null hypothesis (Ho) and the alternative hypothesis (H1) were formulated. An appropriate statistical technique and a corresponding test statistic were selected. Having determined a level of significance, data were collected and the value of the test statistic calculated. Using a p-value of 0.05 as the cut-off point, the null hypothesis of no difference was

accepted if the p-value was greater than 0.05 or ($p>0.05$). On the other hand, there was no justification to accept the null hypothesis if a p-value of less than 0.05 was obtained ($p<0.05$).

(c) Spearman's Correlation

Spearman's correlation was used to identify the strength of relationship between variables, the direction of such relationships and the likelihood that any such relationship occurred other than by mere chance. As the correlation coefficient lies between -1 and +1 and indicates the strength of the relationship between variables, the closer the correlation coefficient is to zero, the weaker the correlation (relationship) between the variables and vice versa. Spearman's correlation was employed rather than Pearson correlation as the data analyzed was non-parametric. Appendix 9 illustrates SPSS output for correlation estimates level of education of SME exporters and level of participation in EAs.

(d) Chi-square

Chi-square, a statistical test commonly used to compare observed data with data expected to be obtained according to a specific hypothesis (Saunders, Lewis and Thornhill, 2007) was used to test the association or variability between two variables. The chi-square test always tests the null hypothesis, which states that there is no significant difference between the expected and observed result. Chi-square was used to test hypothesis 2 and also to indicate variability in decision factors and support-types among the agricultural, handicraft and processing/semi-processing sector.

(e) Kruskal-Wallis – Test

The Kruskal-Wallis test was used to test differences between multiple groups. This is a one-way analysis of variance (ANOVA) by ranks which tests the null hypothesis to determine whether multiple independent samples come from the same population. Unlike standard ANOVA, this test does not assume normality, and it can be used to test ordinal variables. Kruskal-Wallis test was employed as all the variables were measured on the ordinal scale. Although one-way analysis of variance (ANOVA) is the method of choice when testing for differences between multiple groups, it assumes that the mean is a valid estimate of central dispersion and that the distribution of the test variable is reasonably normal and similar in all groups. However, when the test variable is ordinal, the mean is not a valid estimate because the distances between the values are arbitrary. Even if the mean is valid, the distribution of the test variable may be so abnormal that it makes one suspicious of any test that assumes normality. To determine the

differences among groups therefore, the Kruskal Wallis test was deemed the most appropriate. Appendix 10 illustrates SPSS output for Kruskal Wallis test.

(f) Wilcoxon Signed-Rank Test

Wilcoxon Signed-Rank test is a non-parametric test which makes use of the sign and the magnitude of the rank of the differences of two related samples, and utilizes information about both the direction and relative magnitude of the differences within pairs of variables. This technique, normally used when a researcher wants to determine the mean difference between variables measured on ordinal scale with a huge sample size, has been used to test hypothesis 1.

(g) Regression Analysis

Ordinary Least Square Regression analysis was used to test hypotheses 3 to determine the quantitative impact of Association attributes on the performance of SME exporters. Testing hypotheses 3 required a regression analysis between Export Association attributes (AAR bonds; dynamic capabilities; entrepreneurial orientation; trust for leaders; trust amongst exporters) and exporters performance. Estimates of the parameters (coefficients) of exogenous variables of association attributes and exporters performance were calculated. Appendix 11 illustrates SPSS output for ordinary least square analysis.

5.6 MANAGEMENT OF RESEARCH BIAS AND ETHICAL ISSUES

There is always the danger of bias creeping into interviews, largely because "*interviewers are human beings and not machines, and their manner may have an effect on respondents*" (Selltiz, Wrightsman and Cook, 1976 p 583). In support, Bell (2005) notes that it is very easy to fall into the bias trap, for example by selecting only those items in the literature review which support one's point of view, or by using inappropriate language which might indicate strength of feeling in one direction and permitting value judgments to influence the way research findings are interpreted. The semi-structured and in depth interview techniques adopted for qualitative data collection exposed the study to interviewer bias. There was a tendency for comments, tone or non-verbal behavior of the author to create bias in the way that interviewees responded to the questions asked (Saunders, Lewis and Thornhill, 2007). To avoid this tendency, the author ensured that questions were carefully asked and non-verbal behaviours were not suggestive. To deal with the bias of interpretation, the author was vigilant, critical of data interpretation and highly alert to the tendency of overweighting any facts because of personal beliefs (Saunders, Lewis and Thornhill, 2007).

It was ensured that all the ethical requirements of the research were met. The ethical standards of the London Metropolitan Business School and the Ministry of Information (Ghana) data regulations were complied with. All interviews were conducted within the guidelines set by the Market Research Society. Relevant provisions of the Data Protection Act (2001) and the Human Rights Act (I998) were observed. Consistent with ethical standards, incentives to respondents were non-monetary. Respondents were given "made-in-UK" souvenirs to appreciate their participation in the survey. A couple of SME exporters decided to withdraw their participation at the last minute for personal reasons. The author tried to convince such SME exporters to participate rather than aggressively pursuing them, as that would have contravened the Market Research Society's code of conduct which stresses that research is founded upon the willing co-operation of the public and business organizations.

5.7 ENSURING PRACTITIONER RELEVANCE

The debate over rigor versus relevance in research is ongoing among research and management scholars. The topic has been featured in panel discussions at conferences and journal publications (Flynn, 2008; Mentzer, 2008). Perspectives on the rigor/relevance debate seem to fall into three distinct groups (Mentzer, 2008). Some believe that relevance of academic research is clearly more important and want to avoid becoming overly rigorous or practically irrelevant (Davis-Sramek and Fugate, 2007). Others suggest that rigor needs to come first in order to prevent the dissemination of bad research that is simply not believable (Flynn, 2008). A third view is based on the assertion that both rigor and relevance are needed so that research is interesting and trustworthy (Mentzer, 2008). The rigor/relevance debate has resonated for decades in the social sciences and will likely continue into the foreseeable future (Gulati, 2007; Kieser and Leiner, 2009).

Appeals have been made to make network theory operational and practical enough to help entrepreneurs position in networks or develop network strategies (O'Donnell, et al., 2001). The framework offered by Thomas and Tymon (1982) was employed by the author to achieve practitioner relevance. They argue that the conventional notions of methodological and scientific rigor that have directed research in the organizational sciences have been deficient as guidance mechanisms, and suggest that standards of research rigor, although important to the field's credibility, need to be supplemented by another set of standards relating to the practical relevance or utility of research. To this end, Thomas and Tymon (1982) proposed five components corresponding to dimensions of practitioner needs, to articulate the general properties or requirements of research relevance and to develop explicit standards for assessing

and guiding research relevance in the organizational sciences. The components are descriptive relevance; goal relevance; operational validity; non-obviousness and timeliness which have been applied as follows:

Descriptive relevance refers to the accuracy of research findings in capturing phenomena encountered by the practitioner in his or her organizational setting. The research captured salient phenomena relating to Export Associations and SME exporters such as: challenges of SMEs and Export Associations; support for SME Exporters; Trust within Export Associations; Dynamic capabilities and Entrepreneurial Orientation of Export Associations; and Export Associations management issues. *Goal relevance* refers to the correspondence of outcome variables in a theory to the things the practitioner wishes to influence. In chapter one, it was stated that the broad aim of Export Associations is to promote the interests of their SME exporter members and to support them to achieve international competitiveness. The study discovered that 'AAR bonds', 'entrepreneurial orientation', 'dynamic capabilities', 'trust for leaders' and 'trust among exporters' all had positive influence on SME export performance. The ability of EAs to effectively manage these factors ensured international competitiveness. *Operational validity* concerns the ability of the practitioner to implement action implications of a theory by manipulating its causal (or independent) variables. This has been achieved by providing practical and workable recommendations to EAs, SME exporters, EPAs and the government as to how to manipulate causal variables to ensure the effectiveness of EAs and the improved performance of SME exporters. *Non-obviousness* refers to the degree to which a theory meets or exceeds the complexity of common sense theory already used by a practitioner. This has been achieved by the fresh insights and new knowledge provided by the study presented in Chapter 7. For example the study provided new insight by making a distinction between 'trust for leaders' (vertical trust) and 'trust amongst Association members' (horizontal trust). Additionally, the study proved that 'vertical trust' is the most important factor influencing the performance of SME exporters. *Timeliness* concerns the requirement that a theory be available to practitioners in time to use to deal with problems. Considering this factor, the study was cross-sectional rather than longitudinal in design. As the export trade environment is very dynamic, the study has been conducted within a space of three years to ensure that its findings and recommendations are relevant in resolving problems with EAs and SME exporters performance.

CHAPTER SUMMARY

This chapter has provided the philosophical and technical foundation for the thesis by presenting the methodology employed to collect data to assist in answering the research question. The chapter commenced with a recap of the research aim and objectives to set the stage for the research design and the methodological choice. Next, the philosophical debate on research methodology was presented, paving the way for a discussion of the qualitative and quantitative methodologies which progressed into the choice of mixed-methods as the methodology for the study. Data collection techniques deemed appropriate for the research were selected, described and justified. The chapter concluded with a description of how research bias and research ethics have been managed, and how practitioner- relevance has been applied.The next chapter reports on the research findings and analysis.

CHAPTER 6
RESEARCH FINDINGS AND ANALYSIS

CHAPTER INTRODUCTION

The previous chapter on research design and methodology described how a research strategy was crafted to assist the author collect valid and reliable data to answer the research question. This chapter incorporates the findings and analyses of the research, displaying data in appropriate forms to ensure a meaningful and coherent analysis. The results are presented in terms of the qualitative and quantitative methodologies employed and the key contextual factors that formed the basis of the investigation. The first section of this chapter presents findings and analyses of qualitative data on 19 Export Associations and 4 Export Promotion Agencies, whilst the second section reports on quantitative findings and analyses based on 259 SME exporters surveyed. The chapter concurrently discusses the results of the research in the light of existing theories and past research, to lay the foundation for the derivation of conclusions and subsequent recommendations for the study.

6.1 QUALITATIVE DATA ANALYSIS

6.1.1 ANALYSIS OF EXPORT ASSOCIATIONS

This section reports and analyzes interviews held with 19 EAs selected from the agricultural, handicraft and processed/semi- processed sectors.

(a) Export Associations' Role Consciousness

A good starting point in evaluating the performance of EAs is to ascertain whether they clearly understand their raison d'être and have clear objectives to attain their goals. All the EAs interviewed (19) were largely conscious of their prime responsibility of seeking the interests of SME exporters and providing them with the needed support to perform at the international marketplace. All EAs clearly articulated their objectives as stated in chapter 2, popularly mentioning 'advocacy on behalf of members' and 'seeking member's welfare' as prime responsibilities. However, just a little over a half of EAs (11) had their goals and objectives explicitly written in their brochures, and only nine out of 19 had vision and mission statements. All EAs recognized the need for high performance in supporting their SME exporter members to capably perform on the highly competitive global market. This role-awareness and role-consciousness required to sensitize and motivate EAs is consistent with the views of Hussain (2000) and Rutashobya *et al.*, (2004) that to achieve success in the current globalized markets,

an awareness of the enormity of challenges and forming linkages to meet the needs of network members is very important.

Given their high relevance and role-consciousness, it is imperative that EAs are well-organized, well-resourced and well-positioned to effectively play a supportive role in Ghana's export development strategy. It means EAs should be consistently monitored by regulators to fulfil the all-important role of supporting SME exporters to grow Ghana's exports.

(b) Export Associations Support for SME Exporters

EAs mentioned technical and production assistance, support for exhibitions, training, and provision of trade information as key areas of support they provide to their members. Majority of respondents (14) admitted they were not effectively supporting SME exporters as they should, attributing this shortcoming to resource constraints and members' uncooperative attitudes. The author views this admission as an indictment on EAs who have been purposefully established to support SME exporters. Five EAs who insisted they were providing good-enough services to exporters stated they could do better given more financial and logistical support.

EAs were asked to describe the extent of home-country and foreign-country support they offered members. Almost all EAs indicated they focused more on home-country support, apart from two who indicated they provided destination or foreign-country support to members. A few EAs (5) maintained that notwithstanding their focus on home-country support, they were still foreign-oriented as the home-country support they rendered was intended to make their members competitive in foreign markets. However, when asked whether they provided support such as solving exporters' problems abroad or help with legal support abroad, they all responded in the negative. Seven EAs surprisingly maintained that their mandate as EAs to support their members did not extend outside the country, adding that GEPC and Ghanaian missions abroad had been were responsible for providing foreign-country support established to exporters.

(c) Challenges facing Export Associations

The following factors were revealed as key challenges confronting Export Associations.

(i) Members' Low Commitment

Export Associations partly blamed low-commitment, members' negative attitude and low participation in Association activities for their poor performance. SME exporters' participation in EAs activities and programmes was an issue of concern to majority EAs across all sectors.

Fourteen (14) out of nineteen EAs complained of low attendance at meetings, low participation in programmes, non-payment of membership dues and members' general poor commitment. EA leaders lamented that most of the members were registered with the Associations in name only, and remained inactive. The majority of EAs had observed that 'committed' members were mostly new or young exporters, and older members showed less commitment. Older uncommitted members eventually withdrew altogether from the Association, having become established on the export market, EAs reported. This 'trend' the author noted, was across the agricultural, handicraft and processed/semi-processed sectors. Popular explanations EA leaders gave for low members' commitment were loss of interest, members growing sense of self-dependence and members lack of trust for EA leaders.

Table 6.6 demonstrates that only about half of exporters (52 per cent) actively participated in EA activities. Main reasons given by SME exporters for low participation in EAs were low support received; loss of interest in the Associations due to lack of trust; poor management of the EAs; and availability of business help from alternative sources such as GEPC and other informal export groups. Qualitative findings confirmed the low participation of SME exporters within the EAs, revealing that quite a majority of exporters were registered with the EAs in name only, and were not committed to attending meetings and programmes nor paid membership dues. This reported situation contradicts the observations of Welch et al., (1996) who studied a co-operative network of oaten hay processors initiated by the Australian Trade Commission and commended their high activity and co-operation levels. The author considers SME exporters low participation in EAs as inimical to the progress of EAs, and compares the scenario to a 'chicken and egg' situation where EA leaders were complaining about exporters' poor commitment resulting in low EA support delivery, whilst exporters on the other hand were showing poor commitment owing to poor EA support-delivery.

One EA from the agricultural sector, however, was very positive about their members' commitment, citing an example that its members on two occasions in 2005 and 2008 agreed to be levied high amounts to bail the association out of financial difficulties. Be it as it may, the author calls for an end to this blame-game and suggests that EAs must market themselves and their activities well-enough to be attractive to SMEs.

(ii) Poor Relations between EA leaders and SME exporters

Thirteen out of nineteen EAs revealed that as EA leaders, they did not have cordial relations with their members, an occurrence which was stifling progress within the EAs, limiting their

ability to deliver support to SME exporters. The nature of existing relationships between EAs and SME exporters is summarized in the following observation by an Association president from the Handicraft sector:

> *"Our members are not cooperating with us at all. They are so suspicious and feel executive members use the Association's resources' for ourselves..... Some of us also feel we are wasting opportunities sitting here in an unfurnished office in the name of an Association which does not appreciate us or reward us financially. We are sacrificing at the expense of our businesses, and they insult us. How can such an Association make progress?"*

Almost all EAs stated however, that there was some positive relationship between EA leaders and young exporters who regularly paid their dues and attended meetings and programmes. EAs explained however that from experience, such young members being inexperienced start-ups needed help and would appear committed for a moment. As they gained experience, and after executing a series of export contracts however, they tended to find fault with the EAs and ultimately withdrew their membership.

The level of motivation among EA leaders was found to be very low. Nearly all EA leaders were not on salary, as leadership positions in EAs has traditionally been voluntary. EA leaders portrayed to the author they spent valuable time, energy and private resources attending to issues on behalf of the Associations without much appreciation from members. On the contrary, SME exporters perceived EA leaders as opportunists, fleecing the Associations and diverting Association-bound business opportunities to themselves and their favorites. This perception had resulted in SME exporters' low trust for their leaders, as reported in table 6.11. The author argues that the voluntary capacity of EA leaders does not auger well for the EAs, as it only results in leaders not paying the fullest attention to Association issues and concentrating on their private export businesses. It is the author's further view that as the majority of EA leaders have attained only GCE "O" Level qualification (table 6.6) effective EA leadership would require an infusion of well-qualified, results-oriented and full-time paid external persons.

(iii) Resource Problems

It became evident during the interviews that lack of financial resources was a major need of all but three of the EAs interviewed. The author noted that all EAs depended on members' one-time registration fees and monthly membership dues. None of the Associations was supported financially from any source apart from members' dues. EA monthly dues were found to be meagre (an average of 60 Ghana cedis or nearly £20) and were not forthcoming regularly from

members. Thus the finances of majority EAs were jeopardized, resulting in poor support services to members. Fifteen out of nineteen EAs interviewed mentioned logistical problems as a factor impeding their service delivery to members. They stated that they did not have adequate transport for their operations nor the required IT and communication systems for export transactions. A few EAs stated that because of financial problems, they could not employ full-time qualified staff to man the Associations, leading to their reliance on volunteers or poorly-paid part-time staff. The data revealed that EAs were saddled with a horde of challenges which limited the extent to which they could support SME exporters. Lack of financial, technical and logistical resources to effectively support activities was a major need of almost all the EAs interviewed. This situation is in tandem with Wignaraja's (2003) observation that with some notable exceptions, many SME export networks in developing countries are very small and informally organized, lacking the human capacity, financial resources and know-how to provide a wider range of support services to SMEs. Resource problems were cited by EAs as the key reason for inadequate support to their members, an explanation reinforced by an EPA's description of EAs in Ghana as grappling with "hydra-headed problems".

EAs lamented the reluctance of financial institutions to finance EAs as groups, due to lack of group collateral. This finding contradicts Buatsi (2002) who reported that five out of six banks active in Ghana's NTE sector were prepared to finance export groups rather than individual exporters. The research reported that EAs lacked logistical resources. Whilst majority of EAs did not have well-equipped office premises, none of the EAs owned their premises as is common in Kenya and South Africa (GEPC, 2009). Some of the EAs had rent outstanding, and one EA's secretariat had actually been locked-up by an offended landlord. Transportation to monitor operations and activities of members was lacking. Personnel within the majority of EAs were not highly qualified and a sizable staff were part-time or volunteers. This catalogue of EA logistical problems is consistent with the findings of Kautonen (1996) cited by Ghauri, Lutz and Tesfom (2003), who observed that the Lahti export grouping network in Finland had logistics and quality problems. Kautonen did note however, that the problems were addressed by the export grouping network working closely as a cohesive group. It is suggested that similarly, EAs in Ghana should learn from the Lahti export grouping network and work closely with their members as a cohesive group to resolve their problems.

(iv) Limited Support from the Government and Export Promotion Agencies

A significant majority of EAs (16 out of 19) felt that although they play a very significant role in the export sector, they have not received enough assistance from the Government. One EA chairman from the Agricultural sub-sector lamented:

"As Export Associations, we do not receive enough help from either the government or the Export Support Agencies. If you take countries like Egypt, Kenya, Israel and South Africa, their governments have recognized the importance of Export Associations and have heavily resourced them with direct financial and technical support. The case is different here in Ghana, where they don't even trust us as Associations. They believe more in individual exporters than the Associations. If you take a country like Kenya, there are laws backing the Export Associations and this strengthens the Associations. For example the law makes it mandatory for all exporters to belong to export networks and comply with the Association's policies. But that is not happening here in Ghana. How then shall we go forward....."?

Export Associations lamented that the Government had not been supportive enough in addressing their needs, as compared to governments of other countries. This perception of Government's attitude contradicts Biggs and Shah's (2006) observation that in some countries, private institutional networking arrangements receive support from governments and NGOs, citing prominent examples of market-supporting institutions that could be found in the inter-firm relationships and informal credit arrangements in many Asian countries and transition countries in Eastern Europe. The reported lack of financial and logistical support for EAs from government sources further contradicts Albaum, Duerr and Strandskov (2005), who note that in a broader sense, government export promotion programs deal with the lack of information and operational resource-based limitations. The author recalls however, that the government has been providing financial support through schemes such as EDIF for export development in the NTE sector and had supported the entire NTE sector since the 1980s in various ways as described in chapter two. The key issue here, the author reckons, is that government support goes directly to SME exporters, rather than through EAs. Inadequate technical support from EPAs and other stakeholders was another complaint raised by EA leaders. This situation contradicts the observations of Berry (2002) that the successful SME countries of East Asia, beginning with Japan, had strong technical support systems to raise the efficiency of smaller firms.

To further support their claim of poor government support, EAs stated that access to export finance and specific markets in the EU remained key problems to exporters, whilst the high cost of input supplies and poor infrastructure such as storage and processing (stressed by EAs in the agricultural and processing sectors respectively) still obtained. All EAs suggested that the

government should support them more actively and more directly, by providing access to finance, increased production and technical support as well as export concessions as in other countries. Almost all EAs (particularly from the agricultural sector) called for more technical and infrastructural support in view of the high risks associated with agricultural produce.

There was a divided opinion amongst EAs on technical and advisory support received from EPAs. Nearly a third of EAs (6) thought EPAs were not providing adequate support to EAs as expected, and accused EPAs of ineffectiveness in resource allocation. Such EAs criticized GEPC and FAGE for lacking the dynamism at the international level unlike their colleague EPAs from other countries, resulting in the phenomenal loss of export contracts. They also lambasted EFC for being discriminatory. About two-thirds of respondents (13) on the other hand were quite happy with EPAs support so far. For example, GEPC's export training school and frequent technical advisory meetings were applauded by such EAs.

All EAs abhorred the current practice where SME exporters are targeted directly by the government and EPAs with resource-support instead of channelling such support through EAs. Consequently, there was overwhelming consensus among EAs on the need for both the government and EPAs to target EAs rather than individual exporters for financial support, capacity development programs and input supplies, among others. EAs explained that the practice of by-passing EAs and dealing directly with SME exporters was not only undermining the mandate of EAs in dealing with SME exporters as EA members but also increasingly making EAs irrelevant. In respective interviews, GEPC, GETIC and FAGE admitted focusing on SME exporters rather than EAs. This reported state of affairs is consistent with the views of Lloyd-Reason and Mughan (2002) who proposed that the starting point for policy support mechanisms should be the owner manager, and that any policy initiatives should aim to develop the international orientation of the owner-manager as a precursor to the formulation and implementation of any internationalization strategy. Berry (2002) however shares a contrary view, arguing that support should be provided on a group basis where possible, in order to increase the chances of inter-firm co-operation. EPAs explained that they tend to channel support directly to SME exporters as EAs are "poorly organized"; "not- ready-yet to carry the NTE sector on their back"; and "cannot be trusted to deliver". The author takes the view that as EAs need external support to function effectively, they should be better organized, build trust and consensus, demonstrate unity and position themselves as capable of competently managing support-resources. This view is supported by Ghauri, Lutz and Tesfom, (2003), who suggest that incentives from outside parties will not substitute for a clearly perceived logic of relationships

and behavioural outcomes, and that mutual interests and active participation of group members are preconditions for group success.

(v) Problems Abroad

Nearly half of EAs interviewed complained bitterly about the incessant problems their members encountered in foreign countries and the continued unavailability of help from GEPC or the Ghanaian missions abroad. Such EAs lamented their members' problems abroad were not addressed in good time nor resolved at all. EAs perceived the current arrangement where they are required to channel their members' problems through GEPC to the Ghanaian missions abroad as bureaucratic and not exporter-friendly. All EAs therefore called for a more efficient mechanism to resolve exporters' problems abroad. A few EAs moaned that they were often not aware of members' problems, as their members ignored them and dealt directly with GEPC or insurance agencies.

(vi) Co-operation with other Export Associations or foreign trade networks

EAs were required to give an indication of the extent of cooperation with other EAs within or outside their sectors. Only five of the 19 EAs interviewed had relationships with other EAs within the same sector. Such relations were casual and informal. When this situation was probed further, it came to light that low inter-association cooperation was mainly due to lack of trust. Also, some EAs did not see any clear benefits from cooperating with other Associations. Only three of EAs interviewed; one from the agricultural sector and two from the handicraft sector had developed serious linkages with foreign networks.

Furthermore, EAs were mostly found to have very little or no links (foreign connectedness) with external trade networks , buying groups or institutions abroad, inspite of the importance and benefits of establishing external linkages. This situation is at variance with Babakus, Yavas and Haahti (2006) who suggest that networking has a significant positive influence on export performance and SMEs which have ties with foreign entities demonstrate better export performance. Lack of 'foreign connectedness' is also at variance with Berry (1997) who studied Italian SMEs and claimed that a habit of contacts and exchanges with foreign networks increases the flow of technological and market information, besides other benefits. It is paradoxical to observe that although EAs mostly employ exhibitions as a promotional strategy as shown in table 6.8, they have not as yet established 'foreign-connectedness'. The few EAs who had linkages with foreign networks stated that such relationships were not entrenched. The author attributes this state of affairs to lack of confidence amongst EAs due to their low level of

education as indicated in table 6.6. The general low level of EA's 'foreign-connectedness' reflects the low level of 'entrepreneurial orientation' of EAs demonstrated in table 6.17 which recalls Bhave (1994) and Wickham's (2006) characterization of a low entrepreneurial-oriented management as management which fails to create new value through identifying new opportunities and attracting the resources needed to pursue those opportunities. The author argues that it would be largely beneficial if EAs and Ghanaian missions abroad cooperate to ensure the establishment of 'foreign connectedness' between EAs and foreign trade networks.

All EAs agreed that the impact of the foregoing problems was telling heavily on their service delivery levels, rendering them incapable of effectively supporting SME exporters. However, only a minority EAs admitted they had become 'lame ducks' existing in name only. The author argues that EAs are not performing as expected due to the above-mentioned myriad of challenges. Given the significance of the role of EAs in Ghana's export strategy, there is the need for concerted efforts by all stake holders in Ghana's NTE sector to address the challenges of EAs, to enable them deliver the expected services to SME exporters.

(d) Trust in Export Associations

(i) Vertical Trust (EA Leaders trust for SME Exporters)

EA leaders were required to describe the extent of trust they had for SME exporters in their respective Associations, based on three trust dimensions suggested by GEPC - information sharing with the Association; financial commitment; and attendance to Association meetings and programmes. The interviews revealed that majority of EA leaders (14 out of 19) had low trust for their members in terms of financial commitment and attendance to association meetings and programmes. EA leaders mentioned SME exporters' unwillingness to pay monthly dues as the key reason for their low trust for members' financial commitment. EAs low trust for exporters' commitment to meetings and programmes confirmed earlier survey findings which revealed that only 52 percent of SME exporters actively participate in EAs. Whilst a minority of EAs, (6) could trust their members to a larger extent to share trade information with the Association, majority EAs trust their members only to a little extent. The following response by an EA president in the agriculture sector summarizes the views of majority EAs.

"We know they do not trust us and we do not trust them too. They are so unreliable when it comes to monetary issues. They are unwilling to pay their dues and make any financial contribution. Majority of our members cannot be trusted to attend meetings. For a lot of them we only see them once a while. We see them at GEPC programmes.... We can only trust a few to share information with us.... They normally keep things to themselves".

This scenario is at variance with Putnam's (1993) view that the increased propensity for cooperation also enhances trust in a process of mutual dependence resulting in an accumulation of social capital. The reported low interaction levels between SME exporters and Association leaders and the lack of trust is consistent with the view of Williamson (1985) that repeated personal interaction discourages attempts to behave in an opportunistic manner and increases the level of trust. Low trust by EA leaders for Association members cut across sub-sectors. A president of an EA in the handicraft sector further affirmed majority EAs position in his response below:

"Our *members hardly trust us and always accuse us of contract hiding and resource diversion. They say we (leaders) are not transparent, yet when you call meetings, they do not respond. They give all sorts of excuses. You cannot trust to get them when you need them. With information, well, I think they somehow share what they obtain from outside, especially the new exporters. It is a big struggle with members when it comes to monthly dues. You cannot trust them. Most of them have months or years of outstanding dues ....."*

More feedback on 'vertical trust' (SME Exporters trust for EA Leaders) is reported under quantitative findings in subsection section 6.2.1 of this chapter.

(ii) Horizontal Trust (Trust amongst SME members from point of view of EA leaders).

Thirteen EAs out of 19 believed that high trust exist among their members, based on their observation that SME exporters have close bonds, cooperate to execute large export orders and have good communications. A third of EAs (6) however, observed low trust amongst their members. They cited 'competitive jealousy' within their Associations as the cause of mistrust. Within such EAs, SME Exporters were said to be very careful with each other due to the propensity of "buyer-snatching" or "price-undercutting". Also members did not share trade information among themselves because they perceived each other as competitors.

(e) AAR bonds

(i) Actor Bonds

EA leaders were asked about the level of actor bonds and further requested to identify factors which created bonds and integrated their members. Fifteen EAs reported high actor bonds within their EAs. Popular factors accounting for actor bonds cited were: geographical proximity and membership of clusters; socialization and friendships developed through interaction at Association and other meetings; ethnicity; and to a lesser extent, political and religious affiliations. Most EAs attributed the AAR bonds among their members to the traditional friendliness of Ghanaians. Two EAs from the handicraft sector said their members were united by their common desire to promote indigenous creative and artistic skills abroad through exports. Another factor mentioned by three EAs in the agricultural sector and one in the processing sector was their members' common desire to grow Ghana's exports.

(ii) Activity Links

EA leaders were asked to indicate the nature and level of activity links within their Associations. Majority (14) confirmed strong activity links within their EAs popularly citing commercial links such as 'contract sharing' amongst members. Other activity links mentioned by EAs were association meetings, workshops and local and foreign exhibitions. However, EAs could not articulate clear administrative or technical links amongst their members. Two EAs stated they organize social activities such as end-of-year get-togethers for their members and also support bereaved members. They explained that though such activities were social, they contributed significantly to improving business relationships. Almost all EAs mentioned GETIC premises as their key hub for business activities.

(iii) Resource Ties

The researcher investigated the level and scope of resource ties existing within the EAs. Majority EAs mentioned strong resource ties citing Trade information as the key resource shared amongst SME exporters. Within the agricultural sector, members pooled resources by jointly hiring and sharing irrigation equipment, tractors and graders for production purposes. EAs from the handicraft sector reported a common occurrence within the sector where members joined hands to produce towards meeting an export volume or deadline. One EA in the agricultural sector mentioned it had a well-stocked exporter's library and an internet facility at the disposal of its members who called-in from time to time to carry out research. The EA had also recruited a full-time agronomist to provide technical services to all its members.

(f) Entrepreneurial Orientation

EAs entrepreneurial orientation was assessed based on entrepreneurial orientation criteria defined in the conceptual framework in chapter 3. All EA leaders portrayed high entrepreneurial orientation based on the fact that they had survived the challenging and daunting export business to date. EAs further believed they were proactive, as they indulged in the planning process and could anticipate developments in the export business. Though all EAs stated they were innovative, they could not provide any evidence of innovativeness, except for one EA in the agricultural sector which had innovated ways of raising funds for the association. Eleven out of 19 EAs interviewed stated they were autonomous, and could venture specific 'inaccessible' markets without the support of GEPC or any external network. The rest conceded they were not autonomous. Fifteen (15) EAs stated that they were risk-takers on behalf of members, whilst four conceded they did not take risk on behalf of members. One EA in the processing sector did not see why an EA should take risk on behalf of its "uncommitted" members. On competitive aggressiveness, over a half of EAs (11 out of 19) perceived themselves as competitively aggressive, whilst the rest stated that they were not due to resource problems.

(g) Dynamic Capabilities

The level of EAs dynamic capabilities was assessed based on dynamic capabilities criteria defined in the conceptual framework in chapter 3. Majority EAs (17) responded they possess strong dynamic capabilities, as they could cope with market changes when they did occur. All EAs stated they could adapt internal resources such as human resources, production techniques, raw materials and design to suit the changing market scenario. The president of an EA in the Agricultural sector recalled:

> *"In 2005, there was a change in demand from the pineapple variety (Smooth Cayen) to MD2. Our Association took up this challenge by quickly acquiring MD2 planting seeds for our members. We were able to obtain a $2m grant from the government to buy the MD2 seeds materials for multiplication for members".*

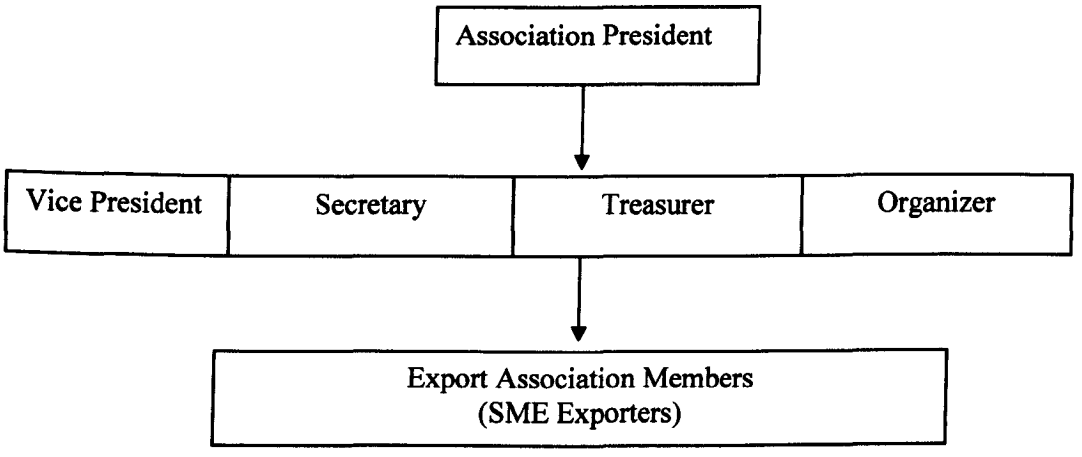
The majority of EAs however could not clearly identify 'external resources' component of dynamic capabilities, as they are all focused on domestic activities without any established foreign linkages. A few EAs particularly in the handicraft sector with established forms of external linkages, indicated the possibility of negotiating with their external partners to enable them survive market changes that may arise.

(h) Structure and Composition of Management of Export Associations

(i) Structure

EAs were asked to describe their governing structure and its impact on their Associations. All EAs stated they had good structures. However, only 11 out of 19 EAs could provide evidence of such organizational structure when requested. Only 9 out of the 19 EAs had written codes of conduct to moderate members' behavior. Of these, the majority confessed difficulty in the enforcement of the codes of conduct given the voluntary nature of membership. All EAs had leaders (or executive officers) responsible for policy making and management of the Associations. Appointment to leadership or executive office was by election organized by members, mostly without an external supervision. Elections are supposed to be held every two to three years. However, in majority of the cases, executive members had remained in office several years after their legitimate tenure. For example the leadership of three EAs in the agriculture sector and one in the handicraft sector had overstayed in office for nearly three years and four years respectively because no one was interested in contesting. Furthermore, the author discovered that none of the EAs had boards of directors to supervise the leaders. A typical EA organizational structure observed during the research is shown in figure 6:1.

Figure 6.1 A Typical Export Association Structure



Source: Developed by author

Evidence from observations and interviews held with EAs and EPAs suggest that EAs are not well-organized and well-structured. This situation lends credence to Owusu-Frimpong and Mmieh's (2007) suggestion that as a matter of urgency, GEPC must put in place proper guidelines to ensure that export businesses are well-structured. The composition of EAs' leadership was observed to be controversial. All the leaders of EAs interviewed (except three)

were full-time exporters. It was reported that the lack of external persons in EA leadership had resulted in conflict-of-interest accusations by SME exporters against EA leaders, creating further mistrust. EAs' reluctance to inject external persons as revealed by the research contradicts Welch and Joynt's (1987) recognition of the value of change agents, and how they facilitate the successful operation and performance of export grouping networks. Figure 6.1 illustrated a typical EA structure which the author perceived as perfunctory being neither needs-based nor results-driven. The author calls for a more effective structure which addresses the needs of small exporters. EA organograms, the author argues, should reflect more result-oriented and more purposeful designations such as Trade Information Coordinator; External Relations Coordinator; Resource Coordinator; Programmes and Activities Coordinator; and Membership and Welfare Coordinator.

The author argues that the typical EA structure illustrated in figure 6.1 has outlived its usefulness as it is not needs-based nor results-driven with respect to the needs of SME exporters. On the whole, majority of EAs were poorly coordinated by the respective Association leaders. Association general meetings were supposed to be held monthly for most of the EAs. However, majority of EAs were not meeting regularly as required. An Association secretary in the processing sector confessed:

> *"....We do not have any code of conduct officially written down. There are guidelines though. I will say we don't have any serious structure. Meetings are called at random, and only a few attend. I think we can do better ....."*

Asked why his EA did not meet regularly, one EA chairman in the handicraft sector responded:

> *"...When you call meetings, members refuse to attend. Only a few new members attend. We do not get their co-operation. Some executive members think they rather have to spend their time on their own businesses, as they are not appreciated by the exporters. Also, our meetings quite often end up in some sort of confusion..... So why do you call a meeting when you know there will be confusion?"*

There were contrasting views on the impact of EA structures. A few EAs believed they had good structures but blamed their members for the poor state of affairs. One EA president in the processing sector stated: *"There is nothing wrong with our structure; just that members are not committed"*. The author significantly discovered that nearly all the EA leaders were serving on a voluntary basis, and did not receive salaries. EA leaders portrayed they were sacrificing their

precious time for the well-being of EAs. In almost all the EAs, it was common to find poorly-paid secretaries and part-time administration officers.

(ii) Composition of Export Association Leadership

The author discovered that majority of the leaders of EAs interviewed (15 out of 19) were full-time exporters who operated their own export firms. In addition, none of the EAs had external persons nor institutional representatives on their leadership teams. EA leaders were asked to comment on the likelihood of 'conflict of interest' within the EAs due to their private export business interests, and the suggestion that EAs should be managed by non-exporters or external persons. Fourteen out of the 15 EAs whose leaders indulged in the export business dismissed any 'conflict of interest' tendencies and were not in favour of non-exporters managing EAs. Such EAs defended their views by suggesting that non-exporters or externals would not have the requisite capability or experience to manage the "difficult" exporters. Some argued that non-exporters in leadership would not understand the dynamics of export marketing enough to be able to manage EAs. A few EAs (5) were in favour of injecting external professionals into EA leadership, arguing that external managers void of personal interest in the export business would be more trusted and easily gain the acceptance and support of SME exporters. The author argues that external injection into EA leadership would auger well for objectivity, fairness, selflessness and transparency within the EAs.

(iii) Knowledge of Strategic Management

To explore the scope and level of their leadership capability, EAs were required to indicate their understanding of strategic management. The author observed that on the whole, EAs had limited understanding of the nature and import of strategic management. Only 5 out of 19 EAs had strategic plans for three and four years. Of 11 EAs who stated they had one-year action plans, only eight (two in handicraft ; two in processing; four in the agricultural) could produce the plans when requested. The following comment by an EA vice-president in the agricultural sector perhaps demonstrates the level of strategic management understanding of EA leaders

> " *It is not possible to plan for five years in a dynamic export business such as ours. A one year plan is more realistic than a five-year plan. What is the point in planning for five years when you are not sure of what will happen next week on the export market? Let's not deceive ourselves here ..... It is just not practicable to plan for five years, not even two years in this business*".

(i) Impact of the benefits of Internet on the membership of Export Associations

The author investigated the impact of the benefits of the internet on the survival of EAs, against the backdrop that the internet was systematically empowering SME exporters and translating them into self-dependent entities. All EAs stated that the internet had positively affected their respective Associations in the sense of improvement in communication with foreign markets or buyers, and access to trade information for their members. The internet had also facilitated quicker and easier transactions. Only two out of 19 EAs interviewed (both from the handicraft sector) were worried that the internet was gradually dismembering their Associations, as it was systematically making their members self-supporting and therefore increasingly less-dependent on the Association. This threat was reflected in members' non-attendance at meetings and non-participation in Association activities, the two EAs stated.

6.1.2 ANALYSIS OF EXPORT PROMOTION AGENCIES

This section reports on in-depth interviews with selected Export Promotion Agencies (EPAs) namely: Ghana Export Promotion Council (GEPC); Federation of Association of Ghanaian Exporters (FAGE) Ghana Export Trade Information Centre (GETIC); and Export Finance Company (EFC).

(a) EPA's Views on Export Associations' Performance

EPA's perceptions of the performance of EAs as supporters of small exporters were investigated. EPAs commended EAs for providing a rallying point for small exporters and for making efforts to pull them together in response to the demands of the current highly competitive export trade. Whilst all EPAs applauded EAs for creating a platform to support SME exporters in the face of intensified competition on the global market, they were unanimous however, that EAs were not performing. The author argues that challenges facing EAs are surmountable; with the right leadership, acting in an atmosphere of trust and employing the right strategies. This view is supported by the observation of Kautonen (1996) that the problems of the Lahti export grouping network in Finland were resolved by the network in collaboration with stakeholders. It is therefore possible that through the concerted efforts of EAs, the Government, EPAs, and the Private sector, EAs' challenges could be resolved. GETIC observed that just a few EAs were doing well and adduced this to poor leadership and ineffective organization. EA leaders' role conflict was identified by GEPC as the key cause of EA's ineffectiveness. GEPC explained that this had resulted in low trust which made it difficult for EAs to achieve their objectives. FAGE

attributed the main cause of EAs ineffectiveness to *"internal hydra-headed problems"* specifying leadership problems, members' attitude, financial limitations and credibility problems. EFC stated that EAs were not performing because they did not have the united front nor identity to attract financial resources and further lacked the requisite confidence to approach stakeholders for support.

EPAs were required to identify the best-performing and worst-performing Export Association indicating reasons for their performance and non-performance. EPAs unanimously mentioned AA Export Association as the best-performing EA, stating that AA was well-organized with a good management structure, qualified personnel and a sense of professionalism. Three out of 4 EAs mentioned BB as the worst-performing EA on the basis of complaints they received from BB members; poor EA structure; poor management and the over-indulgence of their leadership team members in personal export businesses.

(b) EPA's Views on Management of Export Associations

EPAs' impressions of EA management were sought. All EPAs perceived that EAs were poorly managed. EPAs observed that majority EAs had poor structures and management systems, parading leaders with expired terms. EPAs reported that some EAs did not have vision statements and lacked direction. Individualism, selfishness and the lack of trust were mentioned by EPAs as causal factors for poor governance. GETIC brooded over the composition of EA leadership, calling for a radical change. GEPC made an interesting observation that the majority of EA leaders were "*incompetent*" whilst FAGE suggested that "*the problem is more about the type of people running the EAs than the EAs themselves*". The foregoing EPA's observation of EAs management approach perhaps reflects the low educational levels of exporters (and therefore EA leaders) reported in table 6.6. Granted the negative perception EPAs have about EA leaders, the author wonders how EPAs would channel support through EAs, recommend EAs to multilateral institutions for financial or technical support or even work with EAs.

FAGE suggested that poor management of EAs was due to existing poor structures, citing an example that EAs did not have governing boards to oversee and check the leadership. FAGE observed that most of the EAs did not have vision statements nor clear objectives. FAGE expressed worry about some situations where within EA leadership, power blocks based on ethnic or political inclinations existed. FAGE identified a couple of EAs which had leaders with expired terms but still remained in office for their own reasons. GEPC cited poor structure, individualism and selfishness as key problems undermining good governance of the

Associations. GEPC observed that majority of EA leaders were incompetent and only sought to entrench themselves in positions due to personal gains.

Whilst conceding structure as critical to EAs management, GEPC stated that the problem was equally about the poor caliber of people managing the EAs. EFC identified weak organizational structure as the bane of EAs, citing lack of vision, lack of transparency and low literacy level of leaders as causal factors. EFC was not motivated to advance credit to EAs and preferred dealing with individual exporters particularly because EAs were not well-organized. GETIC stated that the structure of EAs was unacceptable to many stakeholders, particularly in terms of the composition of executive members of EAs. GETIC further identified lack of trust between the EA leadership and membership as a key issue which stifled progress in EAs.

All EPAs denounced the situation where majority of EAs did not have external persons in leadership. EFC found it unacceptable that EAs in Ghana did not have institutional representation in leadership as obtained in other countries. EFC called for involvement of banks, universities, export consultants and export institutions in the management of EAs. FAGE indicated that it had made representations to EAs in the past advising on the involvement of external persons and opening-up leadership to industry experts but without any success. GETIC stated that if the composition of management was not improved, no amount of organizational development interventions in EAs would yield results. The author wonders why EPAs had not done anything concrete yet to change this 'ill-culture' especially being aware that such did not occur in other exporting countries such as Kenya, Mauritius, Brazil, South Africa. All EPAs were agreed on the need to restructure EA leadership by injecting external professionals. Whilst restructuring appears to be the panacea to turn-around EAs, the author supports the view of FAGE calling for EA leaders to be placed on salaries in order to gain their commitment and to motivate them. GEPC deplored poor management approaches in EAs, attributing them to the low educational standards of EA leaders as in the following:

> *"The leaders' educational standards are low. They cannot run their own small pocket businesses. How then can they run big Associations? They are not transparent and some are self-seeking".*

The views of EPAs on the restructuring of EA management by the inclusion of non-exporters were solicited. GEPC called this proposal "very positive" stating it would inject more professionalism into the Associations and eliminate the 'conflict of interest' perception. GETIC

endorsed the view, speculating that it would bring the needed change in the operational fabric of EAs. EFC similarly endorsed the proposal, stating that infusing EA leadership with external persons without export interests would bring "credibility" and "integrity" to Export Associations. FAGE however expressed a contrary opinion:

> *"The issue is more complex than the composition of leadership. It is better to strengthen and resource the existing associations. Don't forget they are voluntary that's why they may not be effective now. If finance is injected, they will stand up. Of course the uneducated leaders must go ...who can guarantee that external persons without export interests who are brought in today may not develop export interests in a few days?"*

(c) EPA's Views on Export Association Membership Issues

EPAs were required to comment on membership issues affecting the smooth operations of EAs. GEPC made the following observation:

> *"These exporters see themselves as competitors and a threat to each other. This does not happen in other countries. We have been telling them that the competition is from outside, not inside. They are selfish. They do not want to cooperate. They cannot deliver large orders alone. Some get large orders and do not disclose to others for fear of undercutting yet cannot deliver single-handedly. Ultimately, they do not meet export volumes and delivery deadlines."*

The author notes the above assertion by GEPC contradicts the responses of EA leaders who reported high actor bonds and strong inter-firm relations among EAs. This contradiction is suggestive of perceptual differences existing between GEPC and EAs.

GETIC affirmed the position of EA leaders that SME exporters were not committed to their respective Associations. GETIC adduced the low members' commitment to poor motivation and lack of faith in leadership. EFC perceived Ghanaian SME exporters as individualistic, compared to exporters from other countries in Asia. However, EFC blamed EA leaders for not successfully bringing members together inspite of the substantial institutional support they received. FAGE observed that SME exporters did not see the real value in EAs to commit to them, and called for EAs to articulate and demonstrate their value offer. FAGE held that once SME exporters see the usefulness and benefits from EAs, they would be committed to them.

In the same vein, the views of EPAs on mandatory membership of EAs by SME exporters were sought. EPAs were not united on their views regarding mandatory membership. Whilst GEPC and GETIC were pushing for the proposal, EFC and FAGE were opposed, citing the "democratic dispensation" which disallowed the use of coercion in any form or shape to form groups or Associations. EFC and FAGE shared the opinion that mandatory membership was not the way forward. They stated congruent views as follows:

> *"Why must membership be mandatory? People should join out of free will. Members should see value in the Associations and join voluntarily. The Associations should be able to market themselves very well to attract members."* - EFC

> *"We are in a democratic dispensation, so no law can be passed to force anyone to belong anywhere. They should join on their own freewill. Let them see the benefits and they will join. When the members begin to see results, they would cooperate better" – FAGE*

GEPC and GETIC supported the proposal on mandatory membership. GEPC cited the case of Kenya, where it is mandatory for small exporters to belong to EA for control and monitoring purposes, and drew attention to the positive results Kenya was obtaining. GETIC stressed that membership should be mandatory for exporters to facilitate the effective implementation of the WTO traceability protocol. Once members were effectively registered with EAs, they could be monitored and traced to their EAs to address any concerns pertaining to their exports. The author argues that if mandatory membership has been successful with the export sectors of Kenya and South Africa, it is worthwhile giving it a try in Ghana. Besides other benefits, mandatory membership could assist the effective implementation of WTO traceability protocols where exporters could be easily tracked and connected to their products, a mechanism which would go to ensure quality and integrity of Ghanaian exports.

On the subject of trust, all EPAs interviewed were of the view that SME exporters had low trust for leaders and equally low trust among themselves. GETIC made the following remarkable comments:

> *"There is nothing like trust in these Associations. That word does not operate there. Clearly, between EA leaders and members, there is little trust existing. Among exporters also, there is low trust although from the outside, one may think there is trust".*

FAGE endorsed the above observation by GETIC, making a stark revelation:

> *"Over half of Association members do not trust their leaders. Some leaders also do not trust some elements of their membership because they are competitors in the business. Take any Association and it is full of suspicion from one level to another".*

(d) Extent of EPAs Support for Export Associations

EPAs were required to indicate the type and extent of support they provide to EAs. GETIC stated that it makes available for SME exporters and EAs, its library stocked with materials such as trade reports, market research reports, product bulletins, price trends, and also an Internet Café. GETIC rents out its auditorium for EA meetings at a discount, and supports EAs with trade information and export training activities. GEPC outlined a catalogue of services it renders to both EAs and individual exporters. These include the GEPC export training school which provides knowledge across several areas of the export business including marketing, market research, product development and export management. It was gleaned during the interview with GEPC that some level of ill-feelings existed between GEPC and EAs. GEPC stated:

> *"Some of them think we impose things on them so they will not take what we tell them. Some think they can do things by themselves. …… We cannot force them to implement anything. We wanted to go and sit in their meetings to have an insight into their problems but they were not happy about it and saw it as interference. ……..They are unwilling to provide us with information about their operations and activities. They tend to compete with GEPC and think they can do what we do better. They organize trade fair trips, organize their own training, pursue their own agenda and do things without our knowledge ……..But you see, they lack the expertise that we have, the resources we command, the manpower and all. They have to understand that they have to cooperate with us. They need to know that they are in no competition with us. The competition is out there….."*

The author probed this apparent disharmony between GEPC and EAs and discovered that it was only to a little extent, and involved only two EAs.

FAGE conceded it was not playing its expected role in supporting EAs as it was undergoing restructuring at the time of this research. FAGE stated however, that in the past, it had supported EAs through organizational development and capacity development training and also provided

EAs with external linkages. EFC stated that it has been advancing export finance and trade credit to SME exporters over the years, specifying pre-shipment and post-shipment export finance. EFC conceded it mostly supported individual exporters than EAs as it was less risky to do so.

On the issue of providing direct resource support to SME exporters instead of channeling them through EAs, GEPC explained that EAs were poorly organized and "were not ready enough" to capably handle resource support meant for SME exporters. FAGE explained that ideally, EAs should be responsible for allocating resources from donors or the government to SME exporters. However, EAs were not well-organized. GETIC pointed out that SME exporters themselves preferred being dealt with directly by Government, EPAs and other stakeholders rather than by EAs. EFC stated that EAs would need to inspire confidence in stakeholders to attract resource support on behalf of SME exporters. The author views the issue of directly resourcing exporters rather than the EAs or 'focusing on the trees rather than the forest' (Salancik, 1995) as paradoxical. It would appear on one hand that by this strategy, stakeholders are making SME exporters self-supporting with a propensity to ignore the EAs. On the other hand, EAs are not capable enough to be trusted to deliver resources to SME exporters. The issue smacks of the 'chicken and egg' scenario where EPAs are saying to EAs "we cannot channel support-resources through you because you are not well-organized" and EAs also say to EPAs "we are not well-organized because we do not receive support from you."

The author investigated the claim that inspite of its status as the lead EPA in Ghana's NTE sector, GEPC did not have an EA department nor a dedicated GEPC desk nor officer to coordinate EA matters. GEPC confirmed this claim, explaining that EAs had been placed under the respective product divisions at GEPC, namely: Agricultural, Handicraft and Processed/semi-processed divisions. GEPC explained that FAGE had been established to directly coordinate EAs, and that GEPC would not need to usurp or duplicate the functions of FAGE. The author finds this untenable, as EAs are umbrella organizations formed by the Government through GEPC. One wonders how EAs could be effectively monitored and coordinated by GEPC as the lead EPA in Ghana if there is no person at GEPC to coordinate EAs. The research further revealed that GEPC did not have foreign offices nor direct foreign representation abroad. The author shares the views of EAs and SME exporters that it is imperative for GEPC to designate an officer to EAs and to open offices in strategic countries or markets to coordinate exporters and pursue their interests.

It is the view of the writer that EPAs have the mandate and the responsibility to develop the NTE sector, and to assist EAs support their SME exporter members. Though they have made an impact on the NTE sector, EPAs have not effectively supervised nor co-ordinated EAs to deliver value to their members. It is the author's further view that EPAs have not been effective in benchmarking successful exporting countries to improve the operations of EAs. For example EPAs severally cited Kenya, South Africa, Malaysia and other Asian countries but appeared not to have benchmarked any policy from these countries to improve operations of Ghanaian EAs. The author adopts the view that it is not enough for EPAs to take the back stage and only castigate EAs composition and institutional ineffectiveness but need to do more. EPAs must not abandon EAs being strategic in the NTE sector, but must be more active in the process of improving the EAs. EPAs need to cooperate with each other to formulate policies that can translate EAs into world-class export networks. Currently, one wonders how the EPAs could take the NTE sector forward when they do not have one voice, for example, the disagreement among EPAs on strategic issues like mandatory membership of EAs by SME exporters.

GEPC, the lead EPA has been in existence since 1969, long enough to understand the strategic importance of EAs. Ironically, GEPC has not seen the need to appoint a schedule officer to co-ordinate the all-important EA system. GEPC has adequate resources and expertise to capably supervise EAs. However, it has reneged in developing EAs to the level of effectiveness. FAGE has a direct mandate to co-ordinate and improve the operations of EAs but has not successfully achieved this to date. This situation confirms the view of Hogan, Curphy and Hogan (1994) that Trade Promotion Agencies in developing countries are ineffective because they lack strong leadership; have inadequate funding; are too bureaucratic; are not client-oriented; and usually have heavy government involvement. EPAs, especially GEPC being the lead export promotion agency for the NTE sector would need to re-strategise towards improving the effectiveness of EAs. GEPC should ensure good rapport between itself and EAs in order to capably supervise and monitor their progress. GEPC further needs to review its operational strategy with respect to EAs and representation abroad. The author submits that ensuring the NTE sector becomes the real engine of growing Ghana's exports to entrench the economy as a middle income country requires more dynamic and more competent EPAs.

(e) Future plans for Export Associations

EPAs were asked to throw light on their plans to assist EAs become effective in the short-to-medium term. GETIC intended to intensify trade information and waive the cost of usage of its auditorium for EA meetings. FAGE was developing a strategic plan which involved

implementing a program to guide EAs to be more effective through training, leadership development and resource mobilization. GEPC was working on a strategic plan which was considering export grouping schemes where EAs would be used as purchasing and marketing platforms for NTE products. EFC pledged to engage with EAs for training on pre-shipment and post-shipment finance and to develop their credit worthiness for access to finance and for infrastructural assistance.

For benchmarking purposes, EPAs were asked to mention specific countries or institutions whose models could be adapted and adopted for implementation by export policy makers in Ghana. Two EPAs mentioned Kenya, where it was reported that as part of the mandatory membership scheme, it was impossible to execute an export contract without referring to an EA for endorsement and an export certificate as a check on quality and credibility. Kenya Flowers Producers Association and Fresh Produce Export Association of Kenya were mentioned as credible associations who had earned Global GAP (Good Agricultural Practice) and Europe GAP certifications and could be benchmarked. South Africa and Malaysia were also cited by the other two EPAs.As EPAs appear not to have confidence in EA leadership, it becomes difficult for EPAs and EAs to work together, especially for EPAs to channel resources through EAs to SMEs. For EAs to be able to effectively exercise some authority or 'control' over SME exporters, it may be helpful if the Government and EPAs channel resource support directly to EAs, provided EAs can demonstrate the capability to manage such resources effectively.

6.1.3 COMPARATIVE ANALYSIS OF TWO EXPORT ASSOCIATIONS

This sub-section presents findings on in-depth interviews conducted with two anonymized EAs, AA and BB. As stated earlier, these two EAs were selected based on the author's observations whilst interviewing EAs as well as the recommendations of EPAs. The section compares the management of AAR bonds by AA and BB, the management approach of AA Export Association and an analysis of AA and BB Associations.

(a) The Management of AAR bonds by AA and BB Export Associations

The section reports on how a high-performing Export Association (AA) and a poor-performing Export Association (BB) manage AAR bonds: 'Actor bonds', 'Activity links' and 'Resource ties' (Hakansson and Snehotha, 1995) in the network context. The two EAs were contrasted using the management model of Fayol (1949).

(i) Planning

Table 6.1 illustrates how two EAs (AA and BB) indulge in planning for 'actor bonds', 'activity Links' and 'resource ties' within their respective EAs.

Table 6.1: Planning for Actor Bonds, Activity Links, Resource Ties by Two EAs

	Export Association AA	Export Association BB
Actor Bonds	AA Management team is responsible for day-to-day management, and draws action plans for AA including how to keep members together and promote their welfare. They meet weekly to resolve pressing AA issues. The Executive Council (EC) meets once every two months on policy issues. General meetings where all association members meet to plan are held twice a year.	BB leadership is supposed to meet monthly to plan for the Association but the meetings are irregular. BB Leaders are not interested in meetings and focus on their private businesses. When meetings are held, they are not fruitful. General meetings are held yearly but are not patronized by majority of members. No systematic planning for 'actor bonds.'
Activity Links	Management is in close touch with GEPC, FAGE and other EPAs to be aware of activities and programs for the year, e.g. Training, seminars etc. At general meetings, such programs are discussed. Management plans various activities such as in-house business training, field visits. Members are encouraged to bring to the attention of Management, information about any program that could benefit or unify members. Exhibitions are attended together under one umbrella, not individually.	BB is not proactive in engaging with GEPC, FAGE and other EPAs about planned activities. Thus members are unaware of training and often miss out. BB leadreship is in touch with buyer groups from US/EU who visit Ghana for exhibitions twice or thrice a year. On this basis, the BB leaders organize exhibitions for members to showcase their wares. This is the key activity for members.
Resource Ties	At the beginning of each year, AA Management takes stock of technical and financial resources and identifies further needs of members. The various technical committees submit their budgets to Management. Membership dues and subscriptions are agreed. Management identifies members' resource needs and plans towards it. For example AA has hired a full-time agronomist to support members.	There is no formal planning procedure for forging resource ties. BB lacks logistical resources. Currently, BB has no office, and the president operates from home. Monthly dues are not regularly paid by members and subscriptions are low, so the association lacks financial resources to plan and implement activities.

(ii) Organizing

Table 6.2 illustrates how two EAs (AA and BB) organize for 'actor bonds', 'activity links' and 'resource ties' within their respective EAs.

Table 6.2: Organizing for Actor Bonds, Activity Links, Resource Ties by Two EAs

	Export Association AA	Export Association BB
Actor Bonds	AA has a large office space with ICT and internet facilities and a large conference room to cater for meetings. Paid-up members are allowed to walk-in to access the internet and communicate with foreign buyers. The secretariat is manned by professional staff, who identify members' problems and address them. Association updates are provided via a newsletter to members via e-mail. Management works to build trust in AA by openness and transparency.	BB has no office currently, so there is limited face-to-face interaction by members. When a meeting is agreed, it is held at the offices of GEPC, GETIC or any agreed location. Such meetings are irregular; therefore member interactions are very limited. There is a high level of individualism and members tend to compete with each other. There is no effective system of forging actor bonds.
Activity Links	Apart from jointly attending programmes organized by EPAs, AA develops capacity of members. It has hired a full-time agronomist to train members in production. AA provides marketing support to members. Enquirers/orders from buyers are received and directed to members on equal terms. Members are encouraged to do joint exports to meet huge orders. Social activities such as get-togethers and funerals of bereaved members are organized.	Periodic training and workshops organized by EPAs eg GEPC or AMEX are attended by members in their individual capacities, not in the name of the Association. BB does not organize business activities for the benefit of members. Members come together or demonstrate interest in the Association when an exhibition is approaching. There are no integrated activity links amongst members.
Resource Ties	AA actively seeks market information through research which is shared amongst members. There is a well-stocked library with a high-speed internet facility which supports export research for the benefit of members. Members share marketing materials eg. Brochures with AA's logo.	Members fish for their own information from private sources or from GEPC or FAGE. There are no BB resources such as a library nor technical resources to be shared by members. The main resources shared are the buyer groups who visit twice or thrice a year to attend exhibitions.

(iii) Coordinating

Table 6.3 illustrates how two EAs (AA and BB) coordinate 'actor bonds', 'activity Links' and 'resource ties' within their respective EAs.

Table 6.3: Coordination of Actor Bonds, Activity Links, Resource Ties by Two EAs

	Export Association AA	Export Association BB
Actor Bonds	AA monitors membership to ensure only genuine exporters join through the Association. AA seeks feedback from members to resolve problems arising. There is a complaints system for members and management. AA closely monitors each member's conduct and performance. There is a very current members' directory which provides contact details to link-up members.	The Association has no systematic approach to monitor and coordinate actor bonds. It is even difficult to keep track of membership, as registered members do not present themselves at meetings. Most members do not contact the Association for a long period of time and only surface during exhibitions. The existing members' directory was updated three years ago. Coordination is normally by telephone or informally through word–of-mouth.
Activity Links	AA monitors links amongst its members on an ongoing basis. Feedback through satisfaction surveys is obtained from members and problem areas are addressed. An activity list provides upcoming activities of interest to members. AA is in close touch with EPAs for the benefit of members	BB does not coordinate its members to patronize activities organized by EPAs or other export groups. Where members attend EPA activities, they do so in their individual capacities.
Resource Ties	AA is branding all members' exports and contemplating using the same packaging materials/labels for members' exports. AA monitors the use of its resources by members to determine optimization levels and value gained eg. how often and how long members use library and internet. AA makes proposals to banks and funding bodies on behalf of members.	The main coordination pertains to exhibitions. There is no installed feed-back system for the benefit of members or Association executive. Members are not committed to their financial obligations nor to the Association, as there is no effective administrative system to coordinate the Association

(iv) Controlling

Table 6.4 illustrates how two EAs (AA and BB) control 'actor bonds', 'activity Links' and 'resource ties' within their respective EAs.

Table 6.4: Controlling Actor Bonds, Activity Links, Resource Ties by Two EAs

	Export Association AA	Export Association BB
Actor Bonds	AA has a policy where aggrieved members can lodge complaints about other members' behaviour, actions or inactions. There is a code of conduct to regulate behaviour. Offending members are reprimanded and at times fined. AA also embarks on membership drive to attract more members.	There is no clear administrative system to control members' behavior. However, where members indulge in price-undercutting or act inappropriately, they are not allowed to participate in exhibitions and barred from the Association in extreme cases.
Activity Links	Sub-committees meet as and when necessary to address pressing issues. They include the standing, finance, logistics, publicity, marketing and technical committees. These committees advise the Executive Council on policy. AA collaborates with donors such as USAID (pallet project) and GTZ (field trials on chemical usage project). Through such collaborations, member companies have adopted Global GAP practices.	BB leadership is supposed to meet after each exhibition for appraisal. However, such meetings when called are not seriously patronized by members whose attendance depends on whether they won contracts or not at the exhibition. BB does not have any control over member's attendance at meetings nor external programs organized by EPAs.
Resource Ties	In 2005, there was a change in pineapple variety (Smooth Cayen) to MD2. AA approached the government and obtained a $2m grant to buy the MD2 planting seeds materials for multiplication for members. AA has recently requested the VAT Secretariat to exempt members from paying VAT on packaging material. AA has contracted an independent inspector in La Cote d'Ivoire to provide inspection services and quality control to avoid spoilage and rejection.	BB does not have any mechanism to control members' resource ties. As stated earlier, the key resource ties are the trade agents coming from abroad periodically. BB has no power to negotiate price on behalf of its members or to engage in general negotiation with the external buyers. BB does not generally have control over any resource collaborations among members.

(b) The Management Approach of AA Export Association

This sub-section describes the management approach of AA Export Association by considering its vision, management structure, membership and strategic direction.

Vision and Mission

The vision of AA is to be nationally and globally recognised as a premier centre for unifying pineapple and other fruit exporters for shipment, shaping policy and providing relevant services to the fruit industry. AA's mission is to bring operators in the pineapple and the larger fruit industry together; promote good agricultural practices and to provide effective and economic logistics and services.

Management Structure

AA is run on a day-to-day basis by a management staff made up of a general manager; technical manager; operations manager; an accountant, a Secretary and a driver. The general manager; technical manager and operations manager all possess masters degrees in their respective fields. The accountant is ACCA part-qualified, whilst the secretary is professionally certified with enormous experience. All staff work on full-time basis and are fully paid with approved conditions of service. None of the staff is an exporter nor operate any export-related businesses overtly or covertly. Staff members are required to declare any interests they have in the export business prior to appointment, and are required to renounce such interests if any.

Besides the management staff, there is an Executive Council which is the policy making body comprising seven members including the general manager. Executive Council members are appointed through nomination and voting, and can serve a maximum of two two-year terms consecutively. After serving for four years, they step down automatically, and can only contest for election after two years. The General Manager does not have a vote. Executive members are not paid any sitting allowance. The Executive Council meets once every two months. However, they may call emergency meetings at any time.

There are six sub-committees which meet as and when necessary to address various issues in their subject areas pertaining to the Association. The sub-committees advice the Executive Council on specific areas. These are the: standing; finance; logistics; publicity; marketing; and technical. General meetings are held twice a year where all Association members meet with the Executive Council and management staff to discuss issues about the Association.

Membership strategy

The Association started with 3 members in 1994, and had a membership of thirty-one across the country at the time of this research. To ensure members are genuine serious exporters, AA has established specific membership criteria as follows: (i) Actual ownership of a pineapple farm with minimum of 25 acres. (ii) Access to a pack house with hygienic facilities and (iii) Annual exports of a minimum of 400 tonnes of fruit. AA collects a one-time subscription fee of $2,000 at initial registration in addition to annual membership dues of $500. Besides, there is a levy of $5 per pallet (i.e 0.8 of a tonne) on every export consignment. In 2009, this yielded the Association some $30,000. Due to commitment of members and the value they receive from the Association, they are forthcoming with their dues and are willing to make financial sacrifices.

Strategic Planning

AA is involved in strategic planning. A key aspect of AA's 5-year strategic plan (2010 – 2015) is the involvement of organisations such as the banks, fertilizer and chemical companies, port services providers and the packaging companies as associate members of the Association. The author made some observations about EAs interviewed. The following data on table 6.5 summarize observations about AA Export Association.

Table 6.5: Observations at AA Export Association

Factor	Observation
Office Premises	Well-laid out with good space for easy mobility. Divided into administrative wing, Library area and meeting area with capacity for 80 people. Good furniture, cyber cafe with modern computers, large printer etc.
Staff Attitude	By 8 am, all staff were at post, dressed professionally. There was a feeling of high morale amongst staff. Atmosphere suggested team work.
Symbols	There were symbols and statements pasted on the notice board and walls calling for teamwork, hard work, productivity and target achievement.
Members list	An updated members list showed that all members were paid-up. The list had all details about members.

(c) Analysis of AA and BB Export Associations

This sub-section analyzes the management of AAR bonds by AA and BB, as well as the impact of their respective management approaches on their performance. Tables 5.1; 5.2; 5.3; 5.4 compared how high-performing (AA) and poor-performing (BB) planned, organized, coordinated and controlled 'actor bonds', 'activity links' and 'resource ties'. It could be

observed that whilst AA had put in place a systematic effort to manage 'AAR bonds' effectively, BB had not developed any standards to do so. Whilst AA had the human and material resources to implement AAR bonds, BB had not. The frequency of meetings at AA (Weekly for AA management team; bi-monthly for Executive Council; half-yearly for general membership) allowed AA to 'plan' and 'coordinate' AAR bonds effectively, whilst BB hardly met. Again AA had an effective mechanism to 'control' AAR which involved a complaints system where both AA members and staff could submit complaints which were quickly addressed, as well as the existence of a code of conduct to regulate members' behaviour. On the contrary, BB did not have such a system. The lack of a management resources and systems to implement AAR on the part of BB resulted in her under-performance, dis-membership and near-disintegration as revealed during the research. Three EPAs in their choice of BB as the worst performing EA attributed BB's dismal performance to poor structure; poor management; over-indulgence of their leadership team members in personal export businesses.

The author attributes AA's success to the quality of its leadership, its management structure and management approach. As reported earlier, all of AA's management staff were highly qualified. Three of the six-man management team had masters degree, whilst two had top professional qualifications and much experience. It was also noted that besides the management team, there was an Executive Council which met every other month to review operations and policies. Additionally, there were as many as six sub-committees advising the Executive Council. Perhaps more importantly, none of the management team members were exporters. They all worked full-time and were paid salaries with approved conditions of service, resulting in high morale. AA furthermore had a clearly stated vision and mission; a restrictive membership strategy for monitoring purposes and a clear strategic direction. AA was observed to have a high-productivity culture expressed through its administrative resources and positive staff attitude to work. Observably, BB lacked any of the foregoing management resources and did not even have an office premises.

Based on the foregoing observations, the author argues that effective management of 'AAR bonds' as well as the characteristics of EA leaders and their management strategies could determine the success or otherwise of EAs. Therefore EAs need to develop effective management systems to plan, organize, coordinate and control 'actor bonds', 'activity links' and 'resource ties' within EAs to ensure healthy inter-firm relations and productivity among EA SME exporters.

6.2 QUANTITATIVE DATA ANALYSIS

This section presents the analysis of quantitative data and is divided into three sub-sections: descriptive analysis; comparative analysis; and inferential analysis. As stated in the previous chapter, quantitative data has been analyzed statistically by the use of SPSS.

6.2.1 DESCRIPTIVE ANALYSIS

Descriptive statistics has been used for initial data analysis to enable the author to summarize data in a manner that can be interpreted quickly and easily (Scott and Mazhindu, 2005).This sub-section reports on SME exporters' profile; their decision factors; type of support SME exporters receive from EAs; trust between EA leaders and members; trust amongst SME exporters; perception of EAs' entrepreneurial orientation, dynamic capabilities and AAR bonds as well as exporters internet usage are analyzed. These have been analyzed using frequency tables, cross-tabulations and measures of central tendencies and dispersions.

(a) SME Exporters Profile

Table 6.6 below describes the profile of SME Exporters who responded to questionnaires, presented to assist in interpreting the research findings and drawing conclusions for the study.

Table 6.6: SME Exporters' Profile	**Frequency**	**Percent**	**Modal Class**
Position of Respondents			
• Managing Director	178.0	68.7	Managing Director
• Assist. Managing Director	45.0	17.4	
• Production Manager	11.0	4.3	
• Export Manager	19.0	7.3	
• Administration Officer	6.0	2.3	
Total	**259**	**100**	
Educational Qualification			
• Masters degree	9.0	3.5	
• First degree	51.0	19.7	
• Diploma	34.0	13.0	
• GCE – A level	20.0	7.7	
• GCE - O level	81.0	31.3	GCE - O level
• MSLC	61.0	23.6	
• Non-formal	3.0	1.2	
Total	**259**	**100**	

Table 6.6: SME Exporters' Profile	Frequency	Percent	Modal Class
Number of Employees			
• Under 5	56.0	21.6	
• 5 – 10	92.0	35.5	5 – 10 Employees
• 11 – 15	63.0	24.3	
• 16 – 20	45.0	17.4	
• 21 – 30	3.0	1.2	
Total	**259**	**100**	
Years in Export Business			
• Under 2 years	67.0	25.9	
• 2 - 5 years	123.0	47.5	2 – 5 years
• 6 – 10 years	43.0	16.6	
• 11 – 15 years	26.0	10.0	
Total	**259**	**100**	
Association Membership duration			
• Under 2 years	66.0	25.8	
• 2 – 5 years	122.0	47.6	2 – 5 years
• 6 – 10 years	42.0	16.4	
• 11 – 15 years	26.0	10.2	
Total	**256**	**100**	
Participation Levels			
• Very Inactive	30.0	11.6	
• Inactive	54.0	20.9	
• Average	41.0	15.8	
• Active	109.0	42.1	Active levels
• Very Active	25.0	9.6	
Total	**259**	**100**	

The most popular title of respondents surveyed was 'Managing Director' followed by 'Assistant Managing Director' with a percentage frequency of 68.7 and 17.4 respectively. This indicates that 86.1 percent of responses were obtained from key informants presumed to have deep knowledge and insight into the export business who were likely to have provided reliable and authentic responses.

In terms of respondent's educational background, the 'General Certificate of Education' (GCE) 'O' level was the modal qualification with a percentage frequency of 31.3 percent, followed by the 'Middle School Leaving Certificate' (MSLC) holders with 23.6 percent. Thus over half of respondents (54.9 percent) had at best obtained G.C.E 'O' level qualification. This confirms the observation of Buatsi (2003) that the majority of exporters in Ghana have not obtained higher

education needed to inspire greater confidence in their business dealings and to provide them with access to resources through networking in social and professional groups. This 'average' literacy level attained by over a half of SME exporters has implications for how they can competently do the export business, including adopting modern business techniques, understanding export contracts, and confidently communicating with foreign buyers and partners. The least educational level reported was the Masters degree (3.5 percent), reflecting the very small number of postgraduates in Ghana's NTE export sector. As postgraduate degree holders are perceived to be more intuitive, more analytically-minded and more confident than 'O' level holders, it is quite clear that Ghana's NTE sector lacks the caliber of exporters required for the current complex global marketplace. The finding that nearly a quarter (23.6 percent) of SME exporters possesses basic education (MSLC) further attests to low level education within Ghana's NTE sector.

The modal class for number of employees was '5 – 10' employees (representing 35.5 percent) followed by '11 – 15' employees (representing 24.3 percent). On the other hand about 18.6 percent of the companies had employees between '16 – 30' years whilst 21.6 percent recorded less than five employees. Going by the definition of SMEs adopted for this study as stated in chapter 1, the statistics proves that all SMEs surveyed fell within the required sample criteria.

Table 6.6 shows that the modal class for number of years in the export business observed was 2 – 5 (representing 47.5 percent) followed by those under two years (representing 25.9 percent). Thus 73.4 percent of respondents were at most five years in the export business, suggesting that young and inexperienced exporters currently dominate Ghana's NTE sector. This observation is consistent with the findings of Owusu-Frimpong and Mmieh (2007) who studied 92 SME exporters from Ghana and discovered that as many as 74 percent were under six years old in the export business. The dominance of new and young export firms in EAs also confirms the views of (Andersson, Forsgren and Holm, 2002) that not only are small firms becoming increasingly international but also appear to be entering the international arena at an earlier age than had been the case in previous decades. The author argues that
their inexperience in the export business and their stage on the learning curve inclines them to depend more on EAs and other support sources than older or more experienced SME exporters. The remaining exporters (26.6 percent) had been in business between 6 – 15 years or more, reflecting appreciable years of business experience.

The modal class for duration of EA membership was 2 - 5 years (47.1 percent) followed by 'under 2 years' (25.8 percent). Consistent with findings which recorded the exporters' years in business above, this finding reveals that majority of exporters (72.9 percent) have been members of EAs for less than five years. Thus EAs are patronized more by young or start-up businesses who need support for survival and growth. Only 10 percent of SME exporters had been members of EAs for over 11 years. This result does not support the view of Karisson, Johansson and Stough (2005) who argue that experienced entrepreneurs continue to rely on networks for business information, advice, and problem solving. A minority representing 26.4 percent had been members of Export Associations between 6 – 15 years.

In terms of SME exporters' level of participation in EA activities, the modal class was 'active' (42.2 percent) with 9.8 percent of small exporters being 'very active'. Altogether, only 52 percent of SME exporters actively participate in EAs with a total of 32 percent 'inactive'. The author perceives this statistic as alarming as SME exporters are required to be actively engaged in EAs to derive benefits which would enable them to overcome size-constraints and become competitive. On the other hand, this statistic perhaps is an indictment on EAs for not working hard enough to attract and sustain the interest and participation of small exporters.

From the above analysis, it is clear that Ghanaian SME exporters generally lack the export experience, the business confidence owing to low level of education and as SMEs, the export resources to be competitive on the export market. Against the backdrop of the highly competitive and turbulent export trade environment, it can be argued that there is the great need for effective and vibrant EAs to provide relevant support to SME exporters for purposes of survival and growth, and to surmount the challenges and complexities of the global competition.

(b) SME Exporters Decision Factors for Committing to Export Associations

Table 6.7 below illustrates ranked key decision factors considered by SME exporters in committing to EAs. These factors were sourced by the author from various GEPC reports and have been ranked based on mean values. All the decision factors were measured on a 5-point Likert scale and scores; 1, 2, 3, 4 and 5 were assigned to 'least important', 'not important', 'neutral', 'important' and 'most important'. Factors with a mean above 3.0 had high importance, whilst factors with a mean below 3.0 demonstrated low importance.

Table 6.7 Ranked Exporters Deciding Factors for Committing to Export Associations

Decision Factors	N	Range	Min	Max	Mean	SD
Responsiveness to members' problems	259	1	4	5	4.93**	0.248
Leadership is highly trusted by members	259	3	2	5	4.84**	0.523
Fairness to all members (non-discriminatory)	259	2	3	5	4.82	0.403
Supports attendance to foreign exhibitions	259	2	3	5	4.81	0.415
Actively represented abroad	259	2	3	5	4.75**	0.487
Works closely with Ghana embassy abroad	259	3	2	5	4.73**	0.689
Supports e-business usage by members	259	2	3	5	4.71	0.601
Promotes strong bonds among members	259	3	2	5	4.70	0.654
EA is forward-looking (proactive)	259	2	3	5	4.62	0.561
EA has highly educated leadership	259	2	3	5	4.49**	0.673
Works closely with other EAs in the trade	259	2	3	5	4.44	0.787
Operates in more than five regions of Ghana	259	3	2	5	3.81**	1.152

SD denotes standard deviation; *Min* and *Max* denote minimum and maximum respectively

** denotes significance at 5 percent level.

From table 6.7, the most important decision factor is EAs responsiveness to member's problems, shown by a mean of 4.93 with a range of 1 (between a minimum of 4 and a maximum of 5) and statistically significant at 5 percent from a mean of 3. The range of 1 indicates that all the respondents chose either 'important' or 'most important' for this factor. On the contrary, an EA which 'operates in more than five geographical regions of Ghana' is the least deciding factor. Notwithstanding its lowest position on the table, its mean of 3.81 significant at 5 percent indicates it is a strong decision factor. From table 6.7, it is clear that 'responsiveness to members problems' and 'trust for leadership' (both statistically significant) are the two most important factors exporters consider, followed by 'fairness to all members'.

(c) Areas of Support Provided by Export Associations to SME Exporters

The author investigated the key areas and respective levels of support accorded SME exporters by EAs based on GEPC/FAGE parameters. The results are shown in Table 6.8 below.

Table 6.8 Ranked Areas of Export Associations Support to Exporters

Support Areas	N	Range	Min	Max	Mean	SD
Exhibitions support	256	2	3	5	4.12**	0.47
Production support	259	2	2	4	3.59	0.57
Business management support	259	2	2	4	3.58	0.63
Training in marketing	256	3	1	4	3.54**	0.72
Sourcing export finance	256	2	2	4	3.40**	0.59
Support with input supplies	256	3	1	4	3.10**	0.82
Export trade information	259	3	1	4	2.97**	0.58
Support in finding buyers	259	3	1	4	2.73**	0.59
E-business support	237	3	1	4	2.54**	0.73
Checking buyers' identity	245	3	1	4	2.03**	0.86
Contract writing support	245	2	1	3	1.27**	0.50
Solving problems abroad	259	2	1	3	1.26	0.54
Legal assistance abroad	253	3	1	4	1.09**	0.48
Overall support	**223**	**3**	**1.1**	**4.1**	**2.7****	**1.03**

SD denotes standard deviation; *Min* and *Max* denote minimum and maximum respectively

** denotes significance at 5 percent level.

Measured on a 5-point Likert scale, scores; 1, 2, 3, 4 and 5 were assigned to 'no support', 'very low support', 'low support', 'high support' and 'very high support' respectively. Support areas with a mean above 3.0 indicated 'high support', whilst support areas with a mean of less than 3.0 demonstrated low support to their members. From table 6.8, the quantum of support provided by EAs to its members is low, depicted by the overall mean support of 2.7 statistically significant at five percent with standard deviation of 1.03 displayed at the bottom of the table. There was overwhelming support for SME exporters when participating in foreign exhibitions, reflected by a mean of 4.12 with standard deviation of 0.47 significant at 5 percent from the mean of 3.0. The minimum value of 3 and maximum value of 5 implies that none of the exporters chose an answer from "no support", "very low support" or "low support", affirming the high support level for foreign exhibitions.

The least observed area of support from EAs is 'providing legal assistance abroad'. This had a mean of 1.09 at 5 percent significance from 3, with a standard deviation of 0.48 indicating a

higher variability among the chosen responses. It is interesting to observe from table 6.5 that the two lowest support areas are 'legal assistance abroad' and 'solving problems abroad', an indicator that EAs provide insubstantial foreign-country support. On the whole, in spite of their role-consciousness, the research revealed that EAs were not providing adequate support to SME exporters, as demonstrated in table 6.8 where the overall support was low (mean=2.7, SD=1.03).

Table 6.9 presents a classification of high support and low support areas based on table 6.8. High support areas have means above 3, whilst low support areas have means below 3.

Table 6.9 Ranked High and Low Areas of Support to SME Exporters

High Support Areas	Mean > 3	Low Support Areas	Mean < 3
Exhibitions Support	4.12**	Export trade information	2.97**
Technical/production support	3.59	Support in finding buyers	2.73**
Business management support	3.58	E-business support	2.54**
Training in marketing	3.54**	Checking buyers' identity	2.03**
Sourcing export finance	3.40**	Help with contract writing	1.27**
Support with input supplies	3.10**	Solving problems abroad	1.26
		Legal assistance abroad	1.09**

** denotes significance at 5 percent level.

From table 6.9, low support areas were: providing export trade information; support in finding buyers; E-business support; checking buyers' background; help with contract writing; solving problems abroad; and providing legal assistance abroad. The author perceives it worrying, if adequate support is not forthcoming from the above-mentioned areas, considered to be very critical for the survival and growth of small exporters. E-business is very important in contemporary international business and essential to the development of the NTE sector. However support in that area was found to be inadequate (mean = 2.54 $p<0.05$). Surprisingly, on the same table 6.8, e-business support was ranked as low as 9th in terms of its importance to EAs. This result which downplays the importance of e-business is at variance with the view of Beheshti (2004) that in today's global market, SMEs can employ ICT to increase their competitive position. Low E-business support by EAs is further evidence that EAs have not come to terms with the position of Hinson and Sorenson (2006) that e-business can assist small exporters reposition in the international marketplace. Equally worrying was the low support accorded SME exporters with respect to 'providing export trade information' (mean =2.97, $p<0.05$). This suggests that EAs have ignored the caution of Babakus, Yavas and

Haahti (2006) that environmental uncertainty or the absence of sufficient reliable information about environmental events and the inability to predict external changes can hinder success or cause failure for SMEs. The author considers low support in 'finding buyers' (mean=2.73, $p<0.05$) as dereliction on the part of EAs, since market access is a key need of small exporters and a prime responsibility of EAs, as demonstrated in countries like Kenya and South Africa (GEPC, 2008). It is worth noting that quantitative results indicating low support to SME exporters was supported by qualitative findings, where EAs confirmed low support provision to exporters in the respective areas mentioned above. EAs' admission of providing low support to SME exporters only affirms the size and resource predicament of SME exporters. The author argues that for Ghana's NTE export sector to achieve the government's export revenue target of $5bn through 37per cent growth by 2015 as mentioned in chapter one, it is very important for EAs to endeavour to provide support in the above-mentioned areas to SMEs. Inadequate trade support, including lack of destination support render SME exporters uncompetitive, discouraging their active participation in EAs. It is important that EAs are well-organized with the capability to provide adequate support to SME exporters.

The analysis revealed that EAs provide high support in the areas with a mean above 3 on a 5-point Likert scale (table 6.9). These areas were: exhibitions support; production support; business management training; training in marketing; sourcing export finance; and providing input/raw materials. It is significant to observe that the highest support area EAs offer SMEs across the agriculture, processed and handicraft sectors is 'Exhibition support' (mean=4.12, SD=0.47) shown in table 6.8 supported later by table 6.26. This appears to confirm the view of Koshy (2010) that exhibitions, trade fairs and such other face-to-face networking events have an important role in marketing of products and services of SMEs, as harnessing social capital is a critical factor that defines SME survival in the global market. It was interesting to observe that EAs were providing support to their members in the area of export finance, a vindication of Buatsi (2002) and Owusu-Frimpong and Mmieh (2007), who highlighted the difficulties of small exporters in accessing export finance in Ghana. However, the nature of export finance support from EAs however, was mostly about the provision of introductory letters to financial institutions.

(d)) Vertical Trust (SME Exporters Trust for EA Leaders)

To measure the nature and level of trust SME members have for EA leaders, six selected components of trust (Sako, 1992; Ring and Van de Ven, 1992; Johnsen, 1999; Nicholson,

Compeau and Sethi, 2001; Svensson, 2005) were considered based on their relevance to the investigation. SME Exporters were allowed to rate these components on a scale from 1 (very low) to 5 (very high). Index values close to 5 showed relatively high perceived levels of trust, while values close to 1 suggested low levels of trust. A mean score of 3.0 therefore showed an average level of members' trust for Association leaders. After this computation, an index of the overall level of trust perceived by the respondents was estimated by taking the average scores over all the relevant statements related to trust. In order to determine the internal consistency of the measured components, the Cronbach alpha coefficient was reported. Lastly, an inter-item correlation matrix was conducted to estimate the likely influence of each component on others. Table 6.10 depicts the trust components and their corresponding scores.

Table 6.10: Ranked Components of Trust for Association Leaders and their Sample Statistics

Trust Components	Mean	SD	Min	Max	Range
Performing as Expected	3.07**	0.68	2	4	2
Communicating Information	2.73**	0.93	1	4	3
Willingness to Take Risk for Members	2.67**	1.01	1	4	3
Adhering to Promises	2.54**	0.72	1	4	3
Placing Members' Interest First	2.33	0.59	1	3	2
Acting with Equity	1.86**	0.72	1	3	2

SD denotes standard deviation; *Min* and *Max* denote minimum and maximum respectively
** denotes significance at 5 percent level.

Respondents demonstrated the highest trust for leadership in terms of 'performing as expected' (mean=3.07, SD= 0.68) significant at 5 percent. This indicates that SME exporters (mostly the young or inexperienced) join EAs because they trust EAs can assist them leverage needed resources for their export businesses or 'perform as expected'. On the contrary, 'acting with equity' (mean=1.87, SD= 0.72) at 5 percent significance was the least type of trust exporters had for Association leaders, implying that SME exporters mostly do not trust their leaders to be equitable, possibly with respect to exporters' perception of EAs as discriminatory in resource or contract allocation to members. This finding is consistent with Van de Ven's (1992) view that trust persists on the basis that the other party will fulfil its commitments to generate equitable relationship. The author takes the view that SME exporters have wilfully and voluntarily joined EAs with the expectation to derive specific benefits. As exporters have not joined EAs out of compulsion, it is reasonable to argue that they have joined on the basis of trust; trust that the EAs

would support them and provide for them. If exporters are not actively involved in EAs as expected, then it possibly means they are disillusioned, disappointed and have lost trust for EAs, a situation consistent with Van de Ven's (1999) view that trust primarily emerges on the basis that the other party will fulfil its commitments and that the relationship is equitable.

The minimum of 1 and maximum of 3 suggests that none of the exporters chose 'very high' or 'high' trust on the parameter 'acting with equity' which illustrates the extent to which SME exporters perceive EAs as unfair and discriminatory. It is important to observe from table 6.10 that all except one trust component (Placing member's interest first) are significant at 5 percent from a mean of 3.0. Overall, SME exporters' level of trust for their leaders was low, reflected by the overall mean score of 2.53 (below the average mean score of 3) demonstrated in table 6.11.

Table 6.11: Overall Trust Mean and Indicator of Internal Consistency

Variable	Items No.	Mean Score	Min	Max	Range	SD	Chronbach Alpha
Trust	6	2.53	1.86	3.07	1.21	0.167	0.54

This overall low trust for leaders is supported by an observation in table 6.10 that none of the respondents rated any of the trust components as 'very high' (5) on the maximum statistics. The Cronbach alpha coefficient which measures the level of internal consistency among the rated components was 0.54. Granted that the Cronbach's alpha reliability coefficient normally ranges between 0 and 1 and a 'good' alpha level anything above 0.8 (Scott and Mazhindu, 2005), the reported alpha of 5.4 may appear low. However, considering that the number of items on table 6.11 is 6 and not above 10, the reported Cronbach alpha of 0.54 is acceptable (Tabachnick and Fidell, 2007). It is important to note that according to table 6.7 trust for leadership is the second most important decision factor for SME exporters. It is therefore highly imperative that EA leaders should work very hard on gaining the trust of their members. Table 6.12 illustrates an Inter-Item Correlation Matrix which determines how SME exporters' perception about each trust component could affect other components.

Table 6.12: Inter-Item Correlation Matrix of Vertical Trust Components

Components	Willingness to take risk for members	Acting with equity	Placing members' interest first	Performing as expected	Adhering to promises	Communicating information
Willingness to take risk for members	**1.00**					
Acting with equity	0.67	**1.00**				
Placing members' interest first	0.29	0.42	**1.00**			
Performing as expected	-0.07	0.01	0.44	**1.00**		
Adhering to promises	0.14	-0.01	0.05	0.21	**1.00**	
Communicating information	0.18	-0.16	-0.07	-0.06	0.42	**1.00**

Reading vertically from the table above, 'willingness to take risk for members' is positively correlated with components such as 'acting with equity', 'placing members' interest first', 'adhering to promises', 'communicating information' but negatively correlated with 'performing as expected'. This implies that respondents who perceive high levels of trust for 'willingness to take risk for members' will also be likely to assign high trust levels to those other components it had positive correlation with. However, the more a respondent develops high trust for leaders' 'willingness to take risk for members', the less likely they will trust leaders to 'perform as expected'.

Members who had high trust levels for leaders in terms of 'acting with equity' will also be likely to trust them in terms of 'placing members interest first' and 'performing as expected'. However, such members would not trust leaders when it comes to 'adhering to promises' and 'communicating information'. Similarly, members who trust leaders with respect to 'placing members' interest first' also trusted leaders for 'performing as expected' and 'adhering to promises'. However, such members will not trust the leaders when it comes to 'communicating information'. Furthermore, members who trusted leaders in 'performing as expected' do also trust in terms of 'adhering to promises' but not with respect to 'communicating information'. Lastly, members who trust leaders in terms of 'adhering to promises' would also trust leaders for 'communicating information'.

Jarillo (1989), and Williamson and Ouchi (1981) argue that networks and relationship-based coordination reduce uncertainty and thereby the transaction costs associated with inter-firm exchange. Habtom (2006) in support, suggest that networks reduce transaction costs because of

high level of trust in relationships. However, in the absence of high trust within EAs as proved by the research, it could be argued that EAs may not be reducing transaction costs for SME exporters. This position is supported by the fact that generally, support for SME exporters was low as suggested by both qualitative and quantitative results (See section 5.2.1 c). The study indicated that foreign-country support was minimal and SME exporters were left to resolve their own transactions at high costs. For example from table 6.8, the very least support areas provided by EAs were 'solving problems abroad' and 'legal 'assistance abroad', implying SME exporters incurred high transaction costs in these areas.

The existing lack of trust in the EAs and its accompanying costs is consistent with the assertion of UNIDO (2004), that hidden agendas of the members and competition instead of cooperation can also incur risks and costs. EAs have not been able to minimize environmental uncertainty, risk and costs for SME exporters also because they lack trust. Networking theory argues that trust is a viable governance structure in a dynamic network environment (Hakansson and Johanson, 1993). Unsurprisingly therefore, the lack of trust within EAs had partly resulted in EA leaders 'loss of control' in coordinating SME exporters. Qualitative findings revealed that EAs lacked the capacity to control and discipline their members in the absence of legislation supporting mandatory membership. This situation is inconsistent with Campbell and Wilson's (1996) view that the decision by firms to enter into a network relationship with other firms is influenced by their willingness to abdicate autonomy in order to acquire resources from the external environment.

As trust is a sine-qua-non in any successful network relationship, it behoves on EA leaders to endeavour to build trust between themselves and SME exporters through fairness, transparency and commitment to the goals of the Associations. Without trust, an atmosphere of suspicion thrives within the EAs, promoting disunity and stifling progress. If EAs are to support SMEs to become more competitive, trust must abide in EAs. Trust must be consciously built between EA leaders and SME exporters.

(e) Horizontal Trust (Trust amongst SME Exporters)

Table 6.13: Ranked Components of Trust Amongst Exporters and their Sample Statistics

Trust Components	Mean	SD	Min	Max	Range
Adhering to Promises	3.81**	0.98	2	5	3
Acting with equity	3.41**	0.71	2	4	2
Performing as expected	3.00	0.64	2	4	2
Willingness to take risk for others	2.46**	0.96	1	4	3
Placing Members' Interest First	2.07**	0.77	1	3	2
Communicating Information	1.86**	0.72	1	3	2

SD denotes standard deviation; *Min* and *Max* denote minimum and maximum respectively
** denotes significance at 5 percent level.

SME exporters revealed through the data (table 6.13) that 'adhering to promises' is the highest aspect of trust they have for colleague exporters (mean=3.81, SD= 0.98) significant at 5 percent. This indicates that SME exporters find their colleagues so dependable in business and social terms, and perhaps this goes to explain the culture of 'contract – sharing' amongst exporters. The basis of this argument is that of all trust parameters, 'adhering to promises' is the only parameter which scored a 'very high' response. On the contrary, 'communicating information' (mean=1.86, SD= 0.72) significant at 5 percent, is the least aspect of trust members have for each other. Low trust for 'communicating information' reflects the individualistic characteristic of Ghanaian SME exporters and possibly affirms the fear of 'price under-cutting' or 'buyer-snatching', a propensity being perpetuated by some exporters, according to EA leaders interviewed. The minimum of 1 and maximum of 3 suggests that none of the exporters chose 'high' or 'very high' trust on the parameter 'communicating information'. Overall, trust amongst SME Exporters' was discovered to be low. This was reflected by the overall mean score of 2.77 (below the average mean of 3.0) demonstrated in table 6.14 below.

Table 6.14: Overall Trust Mean and Indicator of Internal Consistency

Variable	Items No.	Mean Score	Min	Max	Range	SD	Cronbach Alpha (α)
Trust	6	2.77	1.86	3.81	2.04	0.588	0.51

Given this evidence of low trust among SME exporters, it would have been expected that there would be low 'actor bonds' among SME exporters. Paradoxically however, there exists high 'actor bonds' among SME exporters (table 6.21). Low trust but high 'actor bonds' among SME exporters appears to be inconsistent with Warrington, Abgrab and Coldwell (2000) who state that trust builds commitment and binds relationships. In the absence of trust among SME exporters yet with high 'actor bonds', the author shares the view of Morgan and Hunt (1994) as well as Gronroos (2000) that trust is a phenomenon which contributes to the strength of inter-personal relationships, intra-organizational relationships and inter-organizational relationships in business networks. In other words, trust is a contributory factor in strengthening business relationships, and not the absolute factor.

The overall low trust for leaders is supported by an observation in table 6.13 where only one out of six trust parameters (adhering to promises) scored a 'very high' trust level or (5) on the maximum statistics. The reported Cronbach alpha coefficient of 0.51 may appear low. However, considering that the number of items is 6 and not above 10, the reported Cronbach alpha of 0.54 is acceptable (Tabachnick and Fidell, 2007).

Measurement of 'vertical trust' and 'horizontal trust' yielded different results. Table 6.15 suggests that though both horizontal and vertical are low, there is more horizontal trust than vertical trust within EAs (Horizontal trust mean = 2.77 > Vertical trust mean = 2.53).

Table 6.15: Comparison of Overall Trust Mean and Internal Consistency

Variable	Items No.	Mean Score	Min	Max	Range	SD	Cronbach Alpha
Trust for Export Association Leaders (Vertical Trust)	6	2.53	1.86	3.07	1.21	0.167	0.54
Trust among SME exporters (Horizontal Trust)	6	2.77	1.86	3.81	2.04	0.588	0.51

These different results for 'vertical' and 'horizontal' trust are consistent with Putnam's (1993), distinction between vertical trust and horizontal trust. The author argues that this distinction is significant for network management purposes. Trust amongst SME exporters, the author notes, is an essential requirement for inter-firm cooperation, to achieve the goals of Export Associations and for the right atmosphere within EAs to prevail for increased productivity. The author argues that the low level of both vertical and horizontal trust within EAs is worrying, considering the strategic importance of EAs in Ghana's export development strategy, and calls on EA leaders to cultivate a trust-building culture with respect to not only SME exporters, but

also to EPAs and other industry stakeholders. The author's call is supported by Barney and Hansen (1994) as well as Watson (2005) who state that an organization's ability to develop trusting relationships is an increasing important source of competitive advantage, requiring that organizations and their members need to be both trustworthy and trusting. On the other hand, SME exporters should build trust among themselves so as to take EAs forward; a suggestion consistent with Fukuyama (1995) who states that when parties trust each other, they are more willing to engage in cooperative activity. It is imperative that inter-firm trust be developed and sustained. Whilst it is important for EA leaders to build trust among SME exporters, it is equally incumbent on SME exporters to be trustworthy. High 'actor bonds' amongst SME exporters must be translated into high trust.

(f) Perception of Entrepreneurial Orientation of Export Associations

To measure the nature and level of the entrepreneurial orientation (EO) of EAs, five components of EO as delineated by Zara and George (2002) were considered. SME Exporters were required to rate these components based on their perceptions of EO of their respective EAs on a scale of 1 (very low) to 5 (very high). Index values close to 5 showed relatively high perceived levels of EO while values closer to 1 suggested low levels of EO. A mean score of 3.0 therefore reflected average perception of EO for EAs; a mean score above 3.0 suggested high EO, with a mean below 3.0 suggesting low EO. Table 6.16 displays the rankings.

Table 6.16 Ranking of Components of Entrepreneurial Orientation and their Sample Statistics

Entrepreneurial Orientation Components	Mean	SD	Min	Max	Range
Autonomy	3.40**	0.61	2	4	2
Risk Taking	2.35	0.95	1	4	3
Innovativeness	1.99**	0.64	1	3	2
Proactiveness	1.80**	0.75	1	4	3
Competitive Aggressiveness	1.73**	0.99	1	5	4

SD denotes standard deviation; Min and Max denote minimum and maximum respectively
** denotes significance at 5 percent level.

Among the EO components, exporters perceived 'autonomy' as the highest EO factor within their Associations (mean=3.40, SD= 0.61). 'Autonomy' refers to independent actions carried through either by an individual or a team aimed at bringing forth a business concept or idea and carrying it to action and completion (Lumpkin and Dess, 2001). This means that SME exporters

have confidence in their EAs' ability to independently take actions on their behalf which would yield positive results. This finding is in tandem with exporters' trust for EA leaders as having the ability to perform (performing as expected) shown in table 6.10. On the contrary, 'Competitive Aggressiveness' (mean=1.73, SD=0.99) was the least factor. Competitive aggressiveness reflects the intensity of a firm's operations in its attempt to outperform rivals within the industry (Sundqvist et al, 2011). The results mean that though SME exporters are confident their EAs can act independently to achieve results, they perceive their Associations as not aggressive enough when it comes to competing with rivals within the industry. On the whole, the general level of entrepreneurial orientation of EAs was low. This is reflected by the overall mean score of 2.25 (below average mean of 3.0) demonstrated in Table 6.17.

Table 6.17: Overall Entrepreneurial Orientation Mean and Indicator of Internal Consistency

Variable	Items No.	Mean Score	Min	Max	Range	SD	Cronbach Alpha
Characteristics	5	2.25	1.73	3.40	1.70	0.47	0.70

Nevertheless, reliability of the responses was acceptable (Cronbach alpha=0.70), an indication that all the answers provided by the respondents were consistent.

(g) Perception of Dynamic Capabilities of Export Associations

To measure the nature and level of the dynamic capabilities (DC) of EAs, three components of dynamic capabilities (Teece, Pisano and Shuen,1997) were employed. SME exporters were allowed to rate these components based on their perceptions of the DC of their respective EAs on a scale of 1 (very low) to 5 (very high). Index values close to 5 showed relatively high perceived levels of DC while values closer to 1 suggested low levels of DC. A score of 3 therefore showed an average perception of DC of EAs. Table 6.18 below displays the findings.

Table 6.18: Ranked Dynamic Capabilities Components and their Sample Statistics

Dynamic Capability Components	Mean	SD	Min	Max	Range
Reorganizing Internal Resource	2.53**	0.72	1	4	3
Coping with Changes	2.47**	0.88	1	4	3
Re-organizing External Resource	2.47**	0.62	1	3	2

SD denotes standard deviation; *Min* and *Max* denote minimum and maximum respectively
** denotes significance at 5 percent level.

Among the dynamic capabilities components, respondents perceived 're-organizing internal resources' as the strongest dynamic capability of their Associations (mean=2.53, SD= 0.72). This result means that SME exporters perceive their EAs as having the ability to re-organize their internal resources in response to a rapidly or slowly changing environment with the aim of achieving a sustained competitive advantage. On the other hand 're-organizing external resources' was perceived as the weakest dynamic capability (mean=2.47, SD= 0.62), a statement from exporters that their EAs lack the ability to re-organize its external resources within a changing environment with the aim of achieving a sustained competitive advantage. This position is affirmed by the fact that most EAs admitted during interviews that they have not forged sustainable links with foreign networks and have no direct working relations with Ghanaian missions abroad. All dynamic capability components were observed to be statistically significant.

Overall, the general level of dynamic capabilities of EAs was weak. This is reflected by the overall mean score of 2.49 of all responses measured on the three components of DC as demonstrated in Table 6.19 below.

Table 6.19: Overall Dynamic Capabilities Mean and Indicator of Internal Consistency

Variable	Items No.	Mean Score	Min	Max	Range	SD	Cronbach Alpha
Dynamic Cap.	3	2.49	2.47	2.53	0.07	0.41	0.80

However, the reliability of the responses was high (Cronbach alpha=0.80) and can be relied upon to make a further inquiry.

(h) Perception of Export Association's AAR Bonds

To analyse the nature of business relationship within EAs, three dimensions of AAR bonds: 'actor bonds', 'activity links', 'resource ties' (Hakansson and Snehota, 1995) were measured. Prior to measurement, these factors were deconstructed based on Hakansson and Snehota (1995) as follows: activity links (administration links, technical links and commercial links); resource ties (intangible and tangible ties) whiles actor bonds was measured directly. SME Exporters were allowed to rate their perceptions of the various components on a scale of 1 (very low) to 5. (very high). Index values close to 5 showed relatively high perceived levels of these factors while values closer to 1 suggested low levels. A score of 3.0 therefore showed an average perception of these factors. Table 6.20 displays the findings.

Table 6.20: Actor Bonds, Activity Links, Res Ties Components and Sample Statistics

	Mean	SD	Min	Max	Range
Actor Bonds	3.59**	0.80	2	5	3
Activity Links Components					
Administration Links	3.54**	0.72	2	5	3
Commercial Links	3.54**	0.50	3	4	1
Technical Links	3.39	0.80	2	5	3
Resource Ties Components					
Intangible Resource Ties	3.53**	0.62	2	5	3
Tangible Resource Ties	3.26	0.58	2	4	2

SD denotes standard deviation; *Min* and *Max* denote minimum and maximum respectively
** denotes significance at 5 percent level.

'Actor bonds' was measured as a single component, yielding a strong bond (mean=3.59, SD=0.80). The results show that for 'actor bonds' there were 'very high' responses, yet no 'very low' responses. Among the activity links components, respondents perceived 'administration links' as the strongest link (mean=3.54, SD= 0.72) followed closely by 'commercial links' with a mean of 3.54 and a standard deviation of 0.50. 'Technical links' was the least (mean=3.39, SD=0.80). In terms of resource ties, EAs perceived 'intangible resource ties' (mean=3.53, SD=0.62) as stronger than 'tangible resource ties' (mean=3.26, SD=0.58). Table 6.21 shows the overall means of actor bonds, resource ties and activity links.

Table 6.21: Overall Means of Bonds, Ties Links and Indicator of Internal Consistency

Variable	Items No.	Mean Score	Min	Max	Range	SD	Cronbach Alpha
Bonds	1	3.59**	2	5	3	0.8	----
Ties	2	3.40**	3.26	3.53	0.27	0.04	0.27
Links	3	3.49**	3.40	3.54	0.43	0.01	0.67

SD denotes standard deviation; *Min* and *Max* denote minimum and maximum respectively
** denotes significance at 5 percent level.

From table 6.21, it can be said that there are strong actor bonds within EAs based on the observation that the mean score (3.59) is above 3.0 at a five percent level of significance. This is consistent with qualitative findings from interviews with EA leaders who observed that there were strong actor bonds within the majority of EAs. Given the backdrop of low trust within EAs, it was quite surprising that about 52 percent SME exporters were actively involved in EAs (table 6.6). This may be due in part to the existence of strong 'actor bonds' among SME exporters which strengthened cooperative relationships. Welch et al., (1996) observed that strong 'actor bonds' in the Australian Oaten Hay Processors export grouping networks enabled the hay processors to produce a better quality product and strengthened the co-operative relationship among members. The research investigated factors which created 'actor bonds' within EAs. Tribal, language and religious factors, political affinity, cluster links and common buyer links were cited. This feedback is consistent with the observation of Berry (1997) that networks wherever found, tend to be embedded within a co-operation-fostering culture, based in varying degrees on family structure, ethnic groups, political parties, the church and other loci of ethnic/cultural affinity. It was also reported that among EAs, strong social forces kept exporters together inspite of low trust. This feedback is consistent with the observation of Berry (2002) that among Chinese business networks' social importance provided strong sanctions against opportunistic behavior, helping the dense interaction among small firms in countries like Taiwan and Hong Kong to work smoothly.

Similarly, there are strong resource ties within EAs (mean=3.40) at five percent significance though the Cronbach alpha is rather low (0.27). This finding agrees with the study's qualitative findings and is consistent with the view of Dubini and Aldrich (1991) that given SMEs resource constraints, they often form ties with other entities in an effort to provide many of the critical resources. There were stronger intangible 'resource ties' (mean=3.52, SD=0.62) than tangible 'resource ties' (mean=3.26, SD=0.58). Intangible 'resource ties' such as knowledge and information-sharing were popularly cited. However, this was found to contradict findings in Table 6.13 which suggested that the lowest trust component among SME exporters was 'communicating information'. Tangible 'resource ties' which kept EAs together included sharing of equipment, raw materials and other logistical and technical resources.

There was also evidence of strong activity links amongst EAs (mean=3.49) significant at five percent with an acceptable Cronbach alpha of 0.67. This result agrees with qualitative findings. It was observed however that 'activity links' was confined to only members within a particular Association with no evidence of inter-association linkages, even within the same sub-sector. The

author views this as a lapse in Ghana's export sector, as inter-association collaboration either in the area of 'activity links' or 'resource ties' could be beneficial to EAs. This finding of absence of inter-association collaboration among EAs confirms the observation of Ghauri, Lutz and Tesfom, (2003) that SME exporters suffer from the liability of smallness, newness and unconnectedness. The author also found EAs' lack of 'international connectedness' as quite worrying.

On the basis of overall strong actor bonds, strong activity links and strong resource ties within EAs as revealed by both qualitative and quantitative findings , it could be argued that there is reciprocity amongst SME exporters as they return benefits given to them in the network relationship by their colleague exporters. This is consistent with the views of Gouldner (1960) and Eisenhardt and Scoonhoven, (1996) that benefits accruing within networks is contingent on the network actor's willingness and ability to share resources.

On the other hand, it is the author's view that there is low embeddedness within EAs. Uzzi, (1997) suggests that embedded ties promote greater frequency of information exchange between partners, which can affect the success of the network as well as the performance of firms entering them. However, table 6.13 suggests that 'communicating information' is the least component of trust amongst EAs. On the basis of poor information exchange amongst SME exporters, it can be concluded that there is low embeddedness within EAs. The author's perception of low embeddedness within EAs could further be explained by the fact that contrary to Granovetter' (1985) view that embeddedness is a fundamental issue about dealing with learning through experience and repeat transactions, EAs were observed to be dominated by young and inexperienced SME exporters (table 6.6), and by SME exporters who participated less as their membership years increased; a scenario unsupportive to 'learning through experience'.

As strong 'actor bonds' have continually sustained Association members in the face of low trust, 'actor bonds' should be actively encouraged and sustained within EAs. Strong 'activity links' should be sustained to keep EAs vibrant and attractive to SME exporters. EAs should endeavour to promote 'activity links' between themselves and other EAs within their particular sector and from other sectors, as well as with foreign networks. Strong resource ties have sustained EAs in the face of low trust. EAs must therefore continue to nurture strong 'resource ties' both within and between Associations.

(i) Purpose of Internet usage by SME Exporters

SME Exporters were required to describe the purpose of their internet usage, based on key internet usage factors by exporters (Hinson, 2006). The rationale was to discover current usage types among SME Exporters in Ghana and to discover whether the internet is being used to substitute support from EAs. Means above 3.0 suggested high usage, whilst means below 3 meant low usage. From table 6.22 the most important reason for Internet usage by small exporters is to send and receive mails (mean=4.49, SD=0.90), followed by its use to obtain information about markets and buyers (mean= 2.42, SD=1.92). Thus apart from using the internet for sending and receiving e-mail and documents, SME exporters under-utilized the internet for other purposes. As Ghana lacks the infrastructure for high level e-commerce, SME exporters do not use the internet for 'tracking shipment to destination markets' or for 'e-banking'.

Table 6.22: Ranking of the Purpose of Internet usage by SME Exporters

Purpose	N	Range	Min	Max	Mean	SD
Sending and receiving e-mail and documents	259	4	1	5	4.49**	0.90
Identifying buyers/marketing opportunities	259	4	1	5	2.42*	1.92
Communicating with Association members	259	4	1	5	1.79*	1.31
Communicating with buyers abroad (skype)	259	4	1	5	1.58	1.30
Holding video-conferences with buyers etc	259	3	1	4	1.35	0.96
Tracking shipments to destination markets	259	0	1	1	1.00**	0.00
Use for e-banking	259	0	1	1	1.00**	0.00

SD denotes standard deviation; *Min* and *Max* denote minimum and maximum respectively
** denotes significance at the 5 percent level. * denotes significance at the 10 percent level.

The analysis revealed that internet usage by SME exporters and EAs is only at a peripheral level, implying that both EAs and SME exporters are not deriving the competitive advantage offered by the internet, contrary to Newbert's (2008) view that the key to attaining a competitive advantage is the exploitation of a valuable resource-capability combination. The second most important use of the internet by Ghanaian SME exporters was to identify buyers/market opportunities (table 6.22). The author argues that EAs or EPAs may probably not be providing members with adequate trade information, contradicting Madhok (1997) and Rutashobya and

Jaensson' (2004) view that small-sized firms rely on networks and relationships to overcome their size disadvantages and to derive key advantages including relevant and timely information. SME exporters and EAs are not deriving maximum benefits from the internet as suggested by in the foregoing. Efforts should be made by SME exporters and EAs to utilize the internet as a key network resource and to promote its usage among SME exporters.

6.2.2 INTER-SECTOR COMPARATIVE ANALYSIS

This section presents a comparative analysis of selected variables amongst the Handicraft, Agricultural and Processed/Semi-processed sub-sectors of Ghana's NTE sector. Table 6.23 compares 'years of Association membership' and 'exporters levels of participation' of the three sub-sectors using Chi-square and Kruskal-Wallis one-way ANOVA test.

(a) Differences in Variables (percentages) among Sectors

Table 6.23: Various differences in variables (percentages) among sectors

	Sectors				Test
Variables	**Handicraft**	**Agriculture**	**Processed**	**Overall Percent**	**X^2 (p-value)**
Years of Association Membership					
Under 2 years	20.1	24.1	21.2	25.8	0.40 (0.82)
2 - 5 years	52.9	44.8	41.2	47.1	1.61 (0.45)
6 – 10 years	18.8	25.3	20.0	16.4	0.97 (0.62)
11 – 15 years	8.2	5.7	17.6	10.0	7.75 (0.02)
Exporters Level of Participation					
Very Inactive	11.6	13.6	16.5	11.3	0.88 (0.64)
Inactive	25.6	26.1	21.2	20.9	0.69 (0.71)
Average	5.8	28.4	21.2	15.9	13.78 (0.01)
Active	45.3	20.5	32.9	42.2	8.72 (0.01)
Very Active	11.6	11.4	8.2	9.8	0.84 (0.65)

p-values less than 0.05 denote significance at 5 percent level across the row.

The overall modal class of 'years of association membership' for all three sectors (Handicraft, Agricultural and Processed) was 2-5 years (table 6.23). This feedback supports the findings of

Owusu-Frimpong and Mmieh (2007) and shows that young companies dominate EAs in all the three export sub-sectors. Within this modal class, handicraft exporters dominated with (52.9 percent) followed by agriculture (44.8 percent) and lastly exporters in the processed sector (41.2 percent). The chi-square test shows that there is no variation among the percentages of the three sectors and this is not significant (p-value = 0.45). This affirms that inexperienced SME exporters (2-5 years) dominate Ghana's NTE sector, suggesting that the government and other EPAs should direct trade support across all sectors. Among the three export sectors, exporters who had been in EAs for 11 to 15 years were the least. This proves that older exporters mostly withdraw from membership of EAs across all the sub-sectors. Significantly, there is wide variation among the three sectors within the 11 – 15 years category, the processed sector being the majority (17.6 percent), followed by handicraft (8.2 percent) and finally agriculture with the lowest (5.7 percent). The chi-square estimated is 7.75 with p-value of 0.02, significant at 5 percent. As older SMEs wield a great deal of experience in the export business, there is the need for EAs to device strategies to retain such older members for the benefit of younger or new-entrant SMEs. Where EAs find it impossible to retain older or experienced SMEs within the EAs, working arrangements could be established, where they mentor young SME exporters and share their experiences.

With regards to 'level of participation', majority of exporters in the handicraft and the processed/semi-processed sectors were 'active' in Association activities with 45.3 and 32.9 percent respectively, whiles the majority of agriculture exporters (28.4 percent) were 'average' participants. Possibly, EAs in the handicraft and processed sectors are better organized and deliver greater value to their members than those in the Agricultural sector, hence their high activity levels. GEPC reports that Ghana's handicraft sector is threatened as major buyers of Ghanaian handicrafts are shifting to other cheaper sources of supply in Asia for new and modern designs of handicrafts with relatively better finishing and functionality (GEPC, 2009). This would explain why small exporters in the handicraft sector are currently forging together to be more competitive, as demonstrated by the highest percentage (45.3). There is variability in participation levels among the three sectors under 'average' and 'active' participation (p-values less than 5 percent) whereas there is no difference under the rest of the levels (very inactive, inactive and very active).

(b) Ranks of SME Exporters Decision Factors for Committing to Export Associations

The Kruskal Wallis test (similar to *one- way ANOVA test*) was used to rank the decision factors for committing to export associations across the three sub-sectors namely: handicraft, agriculture and processed sectors, as illustrated in table 6.24.

Table 6.24: Inter-sector Comparison of Exporters Decision Factors for Committing to Export Associations

	Sectors			Test
Variables	**Handicraft**	**Agric.**	**Processed**	**X^2(p-Value)**
Operates in more than 5 geographical regions of Ghana	137.87	119.01	133.42	3.31 (0.19)
Actively represented abroad	138.70	122.70	128.75	3.76 (0.15)
Responsiveness to members Problems	138.50	125.26	126.31	9.06 (0.01)
Leadership is highly trusted by members	134.02	130.64	125.28	1.30 (0.52)
Works closely with other EAs in the trade	139.54	131.09	119.25	4.26 (0.12)
Works closely with Ghanaian Missions abroad	134.35	132.85	122.65	2.85 (0.24)
EA has highly educated leadership	121.23	138.92	129.64	3.17 (0.21)
Supports attendance to exhibitions	136.30	135.88	117.54	11.7 (0.01)
Promotes strong bonds among Members	122.24	144.04	123.32	9.23 (0.01)
Fairness to all members	124.59	143.24	121.70	9.97 (0.01)
EA is forward-looking (Proactive)	126.98	138.45	119.40	4.18 (0.12)
Supports e-business usage by Members	123.86	141.73	119.17	8.92 (0.01)

Kruskal Wallis test- one-way ANOVA test, p-values less than 0.05 denote significance at 5 percent level across the row. Numbers in parenthesis denote p-values. The test shows horizontal ranks among the sectors.

Exporters in the handicraft sector selected an EA that 'works closely with other EAs in the trade' as the most important decision factor with an average of 139.54. Though this factor is the highest among the three sectors across the row, the chi-square test shows that the difference between this mean and the rest of the sectors is not statistically significant. Surprisingly, SME exporters in this sector identified 'EA has highly educated leadership' as the least important factor. This was demonstrated with a mean of 121.23. The difference between this mean and those of the other sectors is not significant.

Respondents in the agriculture sector selected an EA that 'promotes strong bonds among their members' as their most important consideration. The estimated mean value for this factor is 144.04. Across the three sectors, there is great variability among the means for the sectors and this is significant at 5 percent. The estimate from the agriculture sector is the greatest among the three sectors. The respondents in the agriculture sector further selected an 'association which operates in more than five regions of Ghana" as the least factor of interest (119.01). However, there was no significant variation among the three groups for this factor.

Finally, the processing sector chose an EA which 'operates in more than 5 regions of Ghana' as the most important factor. The estimated mean for this factor is 133.42. Across the three groups, there was no difference among the means of the sectors and this was illustrated by the chi-square value of 3.31 and p-value of 0.19. On the other hand, respondents in this sector mentioned 'supports attendance at foreign exhibitions' as the least factor. The calculated mean for this sector is 117.54. There is a significant variation among the three sectors for this factor as chi-square value of 11.7 and the p-value of 0.01 were obtained.

Table 6.25 Summary Inter-sector Comparison of Exporters Decision Factors for Committing to Export Associations

Sector	Most important factor	Least Important factor
Handicraft	Works closely with other EAs in the trade (Mean=139.54)	EA has highly educated leadership (Mean=121.23).
Agricultural	Promotes strong bonds among their members (Mean=144.04)	Association which operates in more than five regions of Ghana (Mean=119.01).
Processed	Operates in more than 5 regions of Ghana (Mean=133.42)	Supports attendance at Foreign exhibitions (Mean=117.54)

Source: Derived from Table 6.24

Table 6.25 illustrates that SME exporters in the various sub-sectors have divergent decision factors for committing to Export Associations. Whilst 'EAs who operate in more than 5 regions of Ghana' was the most important factor for the processed sector, it was the least important factor for the agriculture sector possibly because agriculture is already spread throughout all the regions in Ghana. Quite surprisingly, the handicraft sector selected 'Highly educated leadership' as the least important factor with a mean of 121.23. Perhaps, the low value placed on education by this sector is due to its dependence on artistry and craftsmanship rather than technology and scientific production methods required by the processing and agricultural sectors. The fact that processed items may be much more easily exported compared to raw agricultural products and handicraft items may explain why SME exporters in the processing sector chose 'support for exhibitions' as the least important factor. It is significant to note that the Handicraft and Agricultural sectors put great value on inter-firm cooperation evidenced by their selection of 'Works closely with other EAs in the trade' and 'Promotes strong bonds among their members' respectively.

Based on the foregoing inter-sector differences, the author argues that the variation in support types and decision factors necessitates inter-sector cooperation among EAs for purposes of information and resource sharing as well as for strategizing.

(c) Ranks of Export Association Support - Types Across Export Sectors

The Kruskal Wallis test (similar to *one-way ANOVA test*) was used to rank the various support export associations provide to members among the three export sectors. The results are displayed in Table 6.26.

Table 6.26: Inter-sector Comparison of Export Associations' Support-Types

	Sectors			Test
Variables	**Handicraft**	**Agriculture**	**Processed**	**X^2 (p-Value)**
Business management support	127.35	112.59	150.71	15.14 (0.34)
Export trade information	139.90	116.48	133.95	6.96 (0.031)
Production support	144.80	125.84	119.65	6.79 (0.034)
Solving problems abroad	144.90	118.00	127.35	16.35 (0.001)
Support in finding buyers	122.00	130.66	137.41	2.52 (0.28)
Training in marketing	149.21	100.57	136.76	28.18 (0.001)
Support with input supplies	120.66	135.94	128.74	2.16 (0.340)
Exhibitions support	139.80	131.24	113.52	10.40 (0.01)
Sourcing export finance	128.00	142.38	114.16	7.90 (0.019)
Legal assistance abroad	120.5	134.98	125.19	12.11 (0.002)
Contract writing support	115.2	128.35	125.53	3.01 (0.22)
Checking buyers Identity	145.20	107.90	114.18	15.16(0.01)
E-business support	131.78	116.28	106.01	7.63(0.05)

Kruskal Wallis test- One-Way ANOVA test, p-values less than 0.05 denote significance at 5 percent level across the row. Numbers in parenthesis denote p-values.

'Training in marketing' was reported as the main area of support within the handicraft sector. The support had an average of 149.21 which is significantly different from the means across the rows of the two exporting sectors. The least support provided to this sector is 'help with contract writing with a mean of 115.23'. Though it is the lowest among the three sectors, the mean difference is not statistically significant. This is shown by the chi-square value of 3.01 with p-value of 0.22.

The highest support provided by EAs to small exporters in the agriculture sector is 'sourcing export finance'. This support had a mean of 142.38. Across the row among the three sectors, this support was the highest and statistically significant, demonstrated by the estimated chi-square value of 7.90 with a p-value of 0.019. The least support provided by EAs in this sector is 'training in marketing' with a mean of 100.57. Among the three sectors, the chi-square test on this support type indicated a significant difference between the means of the various sectors.

'Business management support' was ranked the highest provided to exporters from the processing sector. This support recorded the highest mean of 150.71. However, comparing this mean across the row with the two sectors, the chi-square estimate (15.14) with p-value (0.34) indicates there is no variability of the means among the three sectors. On the other hand, the least support provided by EAs to exporters of this sector is 'e-business support' which had the lowest mean of 106.01. The estimated chi-square for this support suggests that there might be variability among the three groups, with the processing sector the least amongst them. The mean of 106.01 for 'e-business support' in the processing sector was the least support across all sectors.

The author observes a link between tables 6.26 and table 6.8 which combined support-types of all three sub-sectors. As illustrated in table 6.8, 'support for participation in foreign exhibitions' was the highest support associations provide for their members. Comparing this factor among the three sub-sectors, it was the handicraft sector which regarded it as the most important factor with a score of 139.8, followed by the agricultural sector with a score of 131.24 and the processed sector, 113.52. To test whether the differences seen are statistically significant or not, the chi-square test of significance was reported. The chi-square value of 10.4 and p-value of 0.01 illustrates that the difference seen among the groups for this factor is significant even at 1 percent confidence level and that the difference is not due to chance. Table 6.27 shows clearly that all the sectors have different emphasis of support. Firstly, all of the highest support areas are 'domestic support', further supporting the revelation that EAs provide more domestic than destination support. Whilst 'training in marketing' is the highest for Handicraft, it is the lowest for Agriculture.

Table 6.27: Summary Inter-sector Comparison of Export Associations Support-Types

Sector	**Highest Support Area**	**Lowest Support Area**
Handicraft	Training in marketing (Mean=149.21)	Help with contract writing (Mean =115.23)
Agricultural	Sourcing export finance (Mean=142.38)	Training in marketing (Mean=100.57)
Processed	Business management support (Mean= 150.71)	E-business support (Mean=106.01)

Source: Derived from Table 6.26

(d) Differences (Percentages) among SME Sectors for Focus of Support

An inter-sector comparison of the focus of EAs support to SME exporters (domestic support) or (destination support) is presented in Table 6.28.

Table 6.28: Differences (Percentages) among SME Sectors for Levels of Support

	Sectors			Test
Variables	**Handicraft**	**Agriculture**	**Processed**	**X^2 (p-Value)**
Level of Domestic Support				
Very High	7.0	0.0	2.4	2.78 (0.09)
High	38.8	60.9	70.6	9.40 (0.009)
Average	35.3	24.1	11.8	11.18 (0.004)
Low	18.8	6.9	15.3	5.46 (0.07)
Very Low	0.0	0.0	0.0	-
Level of Destination Support				
Very High	0.0	0.0	0.0	-
High	2.4	1.1	1.2	0.50 (0.78)
Average	17.6	13.8	13.1	0.93 (0.63)
Low	43.5	42.5	40.5	0.11 (0.95)
Very Low	36.5	42.5	45.2	0.83 (0.66)

P-values less than 0.05 denote significance at 5 percent level across the row. Numbers in parenthesis denote p-values.

70.6 percent of exporters from the processed sector received 'high' domestic support, followed by 60.9 percent from agriculture and 38.8 from the handicraft. The estimated chi-square value is 9.4 with a p-value of 0.009. This implies that the different sectors received varying levels of domestic support. The sector that receive 'low' domestic support is agriculture (6.9 percent) followed by the processed sector (15.3 percent) and finally handicraft (18.8 percent). The chi-square test illustrates that, the variability at this level among the three sectors is not significant.

With respect to destination support, the data revealed that the majority of the processed/semi-processed exporters (45.2 percent) received 'very low' support followed by agriculture sector (42.5 percent) and finally handicraft with 36.5 percent. The chi-square test depicts that there is no significant difference among these responses. Hence, it can be concluded that all the three sectors receive 'very low' destination support. None of the three sectors indicated they receive

'very high' destination support and only very few exporters from each of the sectors receive 'high support'. This scenario was confirmed during qualitative interviews where EAs admitted that they did not have the resources to deliver destination support to exporters, further claiming that it was the responsibility of GEPC and Ghanaian Missions abroad to do so.

6.2.3 INFERENTIAL ANALYSIS

This section presents inferential analysis which validate whether relationships portrayed by the descriptive analyses are scientifically acceptable or not. Appropriate tools such as Spearman's rho and Wilicoxn signed rank test have been used to describe the extent of relationships among variables. Estimates of the parameters of the bi-variate model concerning the relationships between two variables are presented and discussed in this section. As mentioned in chapter 5 (methodology) the bi-variate correlation model is useful to determine the strength and direction of the association between two variables (either scale or ordinal variables). The following demonstrates results of the bi-variate correlation.

(a) Membership Duration and Level of Participation in Export Associations

A cross-tabulation of participation in Export Association and membership duration was generated to describe the relationship between the two. This is shown in table 6.29.

Table 6.29 Cross-tabulation: Membership Duration and Participation in Association

	Years of membership				**Total**
Participation Level	Under 2 years	2 – 5+ years	6 – 10+ years	11 – 15+ years	
Very Active	9	11	5	2	27
Active	42	43	0	0	85
Average	6	42	0	0	48
Inactive	0	18	45	0	63
Very inactive	0	7	5	24	36
Total	57	121	55	26	259

Of the 27 exporters who were 'very active' in EAs, 20 (74.0 percent) had been members for five years or less whilst only seven (26 percent) exporters had been members for six years and above. Interestingly, all of 85 small exporters who were 'active' in EAs had been in the association for less than five years. All the 48 'average' participants had been in EAs for five years or less. However, of the 63 exporters who were 'inactive' in EAs, 45 (representing 71.4 percent) were

between six years and ten years whilst 18 (28.6. per cent) were between 2-5 years. Finally, of the 36 'very inactive' exporters, 7 (representing 19.4 percent) were below five years, whilst 5 (representing 13.8 percent) were between six to ten years. As many as 24 (66.6 percent) of 'very inactive' exporters had been EA members for over 11 years. From cross tabulation, exporters membership duration in EAs is likely to have a negative link with their participation in association activities, as the statistics show that as the number of years in membership increases, exporters' participation tend to decrease. Possibly, as exporters spent more years with Export Associations as members, they encountered unsatisfactory experiences leading to their loss of interest and reduced involvement. In order to make a statistical inference as to whether this trend is statistically significant or not, the various correlation coefficients of the analysis are reported in table 6.30.

Table 6.30 Correlation Coefficients: Participation in Association and Membership Years

	Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.[c]
Spearman Correlation N of Valid Cases	-0.663*** 259	0.047	-14.193	0.000

a. Not assuming the null hypothesis
b. Using the asymptotic standard error assuming the null hypothesis.
c. Based on normal approximation

**** Correlation is significant at the 0.05 level (2-tailed)

From table 6.30 the estimated Spearman's correlation is equal to -0.663 and is significant at 5 percent. Therefore, the null hypothesis of no correlation between the rank pairs is rejected in favour of the alternative hypothesis that the rank pairs are correlated. The sign of the coefficient is negative, hence years in membership is negatively correlated with participation levels in the Association. This suggests that older SME exporters are less likely to participate actively in Association activities. Also the relationship is strong.

(b) Correlation Estimates for Selected Relationships

The author used the approach described above to investigate various bi-variate relationships of relevance. Results of the estimates of the parameters are shown below in Table 6.31

Table 6.31 Summary Spearman Correlation Estimates for selected relationships

Relationship	No. of Valid Cases	Spearman Coefficient	P-Value
Years of Membership and Trust for Association Leaders	259	-0.293	0.001
Years in Export Business and Inter-firm relations	259	0.175	0.009
Level of Education and Participation in Association	259	-0.315	0.001
Level of Education and Trust for Association Leaders	259	-0.234	0.001
Internet usage rate and level of Inter-firm relations	259	0.034	0.620

The above relationships are briefly interpreted below.

(i) Years of membership of Export Association and Trust for Association Leadership

There is a significant but weak negative relationship (Spearman Coefficient = -0.293, $p<0.05$) between 'years of membership' of EAs and the 'degree of trust' for the respective EA leadership. This suggests that as exporters' years of membership of EAs increases, their level of trust for EA leaders decreases. Increased years of EA membership exposes exporters to the weaknesses and shortcomings of EA leaders resulting in loss of confidence in them, including loss of trust for 'Acting with equity', 'Placing members' interest first' or 'adhering to promises' as observed earlier in table 6.10. As EAs tend to focus on newer or younger exporters and 'neglect' older members, they lose the trust and support of older members. This relationship was further confirmed by the discovery of an equally negative relationship between 'Years in Export business' and 'Trust for Association leadership', where it was similarly observed that as the number of years in the export business increased, trust for Association leadership decreased.

(ii) Years in Export Business and Involvement in Inter-firm relations

A significant but weak positive relationship (Spearman Coefficient = 0.175, $p<0.05$) between exporters' years in the export business and the degree of involvement in inter-firm relationships was observed. This suggests that as the number of years in business increased, the degree of involvement in inter-firm relations also increased. The more exporters advance in business in terms of years, the more they come into contact with other exporters and the more they co-operate with them to achieve their business goals. This is reinforced by the previously observed

relationship that as exporters aged in business, they participated less in EAs and therefore tend to rely more on inter-firm relations to meet their business needs. The relationship is also explained by the increase of actor bonds with the passage of time amongst small exporters.

(ii) Level of Education and Level of Participation in Export Associations

There is a significant but weak inverse relationship (Spearman Coefficient = -0.31, $p<0.05$) between exporters' level of education and their level of participation in EAs. This suggests that the higher the educational level attained by exporters, the lower their participation in Export Association activities. Possibly, as exporters become more educated, they become more confident, develop more inter-firm relations and become more self-supportive, inclining them to be less involved and less participative in EA activities. As exporters become more educated, they quickly adopt e-business, gain associated benefits and reduce their participation in EA activities.

(iv) Level of Education and Trust for Association leadership

A significant but weak negative relationship (Spearman Coefficient = -0.234, $p<0.05$) between the level of education and trust for Association leadership was revealed by the data. This suggests that the higher the educational level of exporters, the lower their trust for Export Associations. Higher education makes exporters more enlightened and more analytical, empowering them to become more confident and more inquisitive. This results in exposure to EA leaders' weaknesses and shortcomings, leading to loss of trust for them. As exporters gain more education, they increasingly question the status-quo, become more suspicious and less trustful of Association leaders.

(v) Internet usage rate and Level of Inter-firm relations

A weak positive relationship (Spearman Coefficient = 0.034, $p>0.05$) exists between internet usage and involvement in inter-firm relations. This suggests that as the levels of e-business usage by exporters increase, the level of their inter-firm relations also tend to increase. It is tenable that the more exporters adopt e-business, the more they gain access to trade information, and the more they seek business relationships for partnerships in order to develop supply capacities.

6.2.4 RESULTS OF HYPOTHESES TESTING

This section reports on results of hypotheses tested. In all five hypotheses were formulated based on a review of the literature in chapter 3. Appropriate statistical techniques including Wilcoxon signed rank test, chi-square, Spearman's rho and regression analysis have been employed for hypotheses testing.

(i) Results for Hypothesis 1

Hypothesis 1 stated: ***Export Associations provide more home-country support than foreign-country support to association members.*** To test this hypothesis, Wilcoxon signed rank test was used to compare the means of home-country support and destination-country support. The intent was to determine whether there is any significant difference between the two types of support provided by EAs, measured on a 5-point likert scale, where scores; 1, 2, 3, 4 and 5 were assigned to 'very low', 'low', 'neutral', 'high', 'very high' respectively. The test results are displayed in Table 6.32, showing the mean of 'home-country support' as 3.53 and that of 'destination-country support' as 1.77, with almost the same standard deviation. From the table, it is quite conclusive that, EAs provide more domestic support than destination support to their members.

Table 6.32: Statistics of Levels of Destination and Domestic Support

	Mean	N	Std. Deviation	Std. Error Mean
Level of foreign-country support	1.77	259	0.756	.047
Level of home-country support	3.53	259	0.764	.047

In order to determine whether the mean difference demonstrated in Table 6.32 is statistically significant, Table 6.33 below has been generated. From Table 6.33, the sum of the negative differences reported is 465.50 whilst that of positive differences is equal to 24959.50. The reported Z-statistics is -12.81 which is significant at 5 percent. Therefore, the null hypothesis of no difference between the mean of the two support types is rejected in favour of the alternative hypothesis that there is a difference between the mean of the two support types. Hence, it can be concluded that EAs provide more domestic support than destination support to their members.

Table 6.33: Paired Differences between Foreign and Home-Country Support

		N	Mean Rank	Sum of Ranks	Z-Stats	Asymp Sig. (2-tailed)
Domestic support - Destination support	Negative Ranks	11[a]	42.32	465.50		
	Positive Ranks	214[b]	116.63	24959.50	-12.81	0.001
	Ties	34[c]				
	Total	259				

a. Level of domestic support < Level of destination support
b. Level of domestic support > Level of destination support
c. Level of domestic support = Level of destination support
Based on negative ranks and Wilcoxon Signed Rank Test

The analysis revealed that EAs provided more home-country support than foreign-country support to their members, demonstrated by support for hypothesis 1 which proposed that: *Export Associations provide more home-country support than foreign-country support to their SME exporter members.* Focusing on home-country support more than foreign-country is inconsistent with Leonidou (2004) who stressed the need to address export problems emanating from both the home and host environment. Further proof of the negligence of destination support by EAs is provided in table 6.8 where it was observed that apart from 'participation in foreign exhibitions', all high - support areas which emerged were domestic support areas, whilst majority of the low-support areas were destination support. Furthermore, from table 6.8 the least recorded support was 'legal assistance abroad' (mean=1.09, $p<0.05$), whilst the second least support was 'solving exporters problems abroad' (mean=1.26, SD=0.54). Qualitative analysis confirmed the over-focus on home-country support to the neglect of foreign-country support. However, majority EAs explained that their mandate did not extend abroad, claiming that institutions such as GEPC and Ghanaian missions abroad were responsible for destination support. The author views this claim by EAs as a neglect of responsibility considering EA objectives, and submits that it is incumbent upon EAs to equally pay attention to the foreign-country needs of SME exporters.

(ii) Results for Hypothesis 2

Hypothesis 2 stated: ***The more Export Association members use the Internet, the lesser their participation in Export Associations.*** The result of cross-tabulation between internet usage and participation in EAs constructed showed that SME exporters' usage of internet does not negatively affect their participation in EAs. Out of the 252 exporters who used the internet, over 59 percent either averagely or actively participated in EAs, while 41 percent were inactive participants. Interestingly, all seven exporters who had not adopted the internet were "inactive"

in EAs, proving that internet usage does not negatively affect participation. To provide scientific inferences about the parameters measured, chi-square test was carried out to test the significance level and to confirm or disconfirm the claims from cross tabulation. The results of the chi-square test are reported in Table 6.34 below.

Table 6.34: Chi-Square Tests Distribution for Internet Usage and Participation in EAs

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	19.811[a]	3	.001
N of Valid Cases	259		

a. 4 cells (50.0percent) have expected count less than 5. The minimum expected count is 1.1.

In Table 6.34, the chi-square test between SME exporters' participation in EAs and internet usage is 19.811 with a significance level of 0.01 at 3 degrees of freedom. It can thus be confidently said that the relationship between internet usage and exporters participation in EAs is significant. To further establish the direction of the relationship, the Spearman's rho bi-variate correlation was calculated as shown in Table 6.35.

Table 6.35: Spearman's rho Correlation Matrix Test: Internet Adoption and SME Exporters Participation in Export Associations

		Internet Usage	Participation Level
Internet Usage	Correlation Coefficient	1.00	0.125*
	Sig. (2-tailed)	.	0.044
	N	259	259
Participation Level	Correlation Coefficient	0.125*	1.00
	Sig. (2-tailed)	.	0.044
	N	259	259

*. Correlation is significant at the 0.05 level (2-tailed).

With a correlation coefficient of 0.125 significant at 5 percent, there is positive relationship between Internet usage by SME exporters and their participation in EAs, which rejects the hypothesis that the more SME Exporters use the internet, the lesser their participation in Export Associations. On the contrary, the research proved that the more exporters adopt the internet, the more they participate in EA activities. This confirms the view of Hakansson and Snehota (1995) that apart from resource ties such as the internet platform, there are actor bonds and activity links which maintain business relationships. Inspite of the benefits of the internet, SME exporters are not renouncing EAs probably because as suggested by Ghauri, Lutz and Tesfom, (2003) they

recognize the potential for joint value creation through EAs and attach less importance to preserving their own independence. According to the research, internet benefits are a positive occurrence to both SMEs exporters and EAs, an observation consistent with Hinson and Sorenson's (2006) view that the internet is providing small firms with opportunities for radical change to their businesses and to reposition themselves at the international marketplace. Though the internet is not threatening the membership of EAs currently, its effect of promoting self-supportiveness among SME exporters and hence its potential of dismembering EAs must not be under-rated, but closely monitored.

(iii) *Results for Hypotheses 3a,3b,3c,3d,3e*

Hypothesis 3a stated: *The stronger the 'AAR bonds' within Export Associations, the better the export performance of Association members.*

Hypothesis 3b stated: *The higher the level of Export Association's dynamic capabilities, the better the export performance of Association members.*

Hypothesis 3c stated: *The higher the level of Export Associations' entrepreneurial orientation, the better the export performance of association members.*

Hypothesis 3d stated: *The higher the level of trust between Export Association members and Export Association leaders, the better the export performance of Association members.*

Hypothesis 3e stated: *The higher the level of trust among Export Association members, the better the export performance of Association members.*

Testing the above hypotheses required a regression analysis between EA attributes (AAR bonds, dynamic capabilities, entrepreneurial orientation trust for leaders, trust amongst exporters) and exporters performance. Estimates of the parameters (coefficients) of exogenous variables of association attributes and exporters performance are presented and discussed below. Based on the collinearity diagnostic test (Belsley *et al.*, 1980), there was evidence of multi-collinearlity which was resolved by refining the data, employing restrictions on variables and squaring some others. The following production function was used:

Q = f (AARBONDS, DYNAC, ORIENTC, TRUSTL, TRUSTA) where Q stands for output, and AARBONDS, DYNAC, ORIENTC, TRUSTL and TRUSTA stand for Actor bonds, Activity links, Resource Ties; Dynamic capabilities; Entrepreneurial orientation; Trust for leadership and Trust among members respectively.

Assumptions:

Ideally, the model should contain proxies for labour, physical and human capital. However, it is assumed SME exporters are homogenous with almost the same amount of labour, physical and human capital hence it would be inconsequential to quantify the effect of these variables on the performance of SMEs. Furthermore, the direct estimation of the association attributes makes it easier to quantify their impact on performance without complexity.

Definition of the variables:

The variables in the empirical estimation are defined as follows. Output is measured through the value of sales over three years (2007, 2008, 2009). The two trust variables were measured based on six components (Performing as Expected; Communicating Information; Willingness to Take Risk for Members; Adhering to Promises; Placing Members Interest First; and Acting with Equity) identified from the literature. SME Exporters were required to rate these components on a scale from 1 (Very Low) to 5 (Very High). An overall trust index was determined for each respondent to reflect the extent of trust levels. Index values close to 5 showed relatively high perceived levels of trust, while values closer to 1 suggested low levels of trust. These were therefore recorded as a dummy variable where 0 stood for 'no trust' and 1 for 'trust'. Five components of entrepreneurial orientation (Innovativeness; Autonomy; Risk-Taking; Proactiveness; Competitiveness), three components of dynamic capabilities (Coping with changing market circumstances; re-organizing internal resources; reorganizing external resources), and three components of AAR bonds (Actor bonds; Activity links; Resource ties) were also considered and measured as was done for the components of trust. The variables were also entered as dummy variables. The model was analyzed using the ordinary least square. Table 6.36 below displays results of the ordinary least square regression analysis between Association attributes and exporters performance.

Table 6.36: Ordinary Least Square Regression Analysis between Association Attributes and Exporters Performance (Dependent Variable=Sales in $).

OUTPUT	Coefficients	Std. Err.	t-Statistic	P>Z
AAR bonds	0.288	0.399	0.722	0.472 (47.2%)
Dynamic Capabilities	0.345**	0.170	2.037	0.044 (4.4%)
Entrepreneurial Orientation	0.523**	0.221	2.367	0.020 (2.0%)
Trust for Leaders	0.844*	0.311	2.714	0.003 (0.3%)
Trust amongst Exporters	0.418*	0.143	2.986	0.007 (0.7%)
C	0.967*	0.380	2.545	0.046 (4.6%)

$R^2 = 0.53$

Durbin-Watson (stat) = 1.767 Prob(F-stat) = 0.067

White Hetroskedasticity (F-stat) = 2.849 Prob= 0.009

Number of observations = 103

** denotes significance at 5 percent level and * denotes significance at 10 percent level.

Table 6.36 shows that all the variables have a positive impact on the output of exporters as hypothesized. This is reflected by the positive signs of the coefficient variables. Dynamic capabilities and entrepreneurial orientation of EAs are both significant at 5 percent level, whilst members' trust for leaders and trust among exporters are significant at 10 percent level. This is proved by the p-values expressed in percentages: dynamic capabilities and entrepreneurial orientation are less than 5 percent but greater than 1 percent whilst that of trust for leaders and trust among exporters are less than 1 percent. However 'network characteristics' is not significant at even 10 percent level.

Dynamic capabilities of EAs reflect their ability to effectively cope with changing market circumstances and to re-organize internal and external resources towards the changing environment. All things being equal, the more EAs can demonstrate such capabilities, the greater the likelihood that their members would increase their productivity. From Table 6.36, the coefficient of this variable (0.345) indicates that, all things being equal, for every 1 percent improvement in the DC of EAs, the output of their members will increase by 34.5 percent. This outcome is consistent with hypothesis 3c which states that; *the higher the level of Export Associations dynamic capabilities, the better the export performance of association members.* Support for hypothesis 3b is consistent with Henderson and Cockburn (1994) who established a positive link between capabilities and performance–related outcomes. The author argues that 'dynamic capabilities' are very important in ensuring effective network performance, as the current global marketplace is very dynamic and turbulent. If EAs are to support SME exporters become more adaptive to the changing global market and to improve their export performance,

they are required to develop more dynamic capabilities as there is a positive relationship between EAs' dynamic capabilities and SME exporters' performance.

From Table 6.36, EAs entrepreneurial orientation has a coefficient of 0.523 implying that, for every 1 percent improvement by EAs toward entrepreneurial orientation, there is about 50 percent increase in the productivity of SME exporters, all things being equal. This finding supports the hypothesis that; *the higher the level of entrepreneurial orientation of Export Associations, the better the export performance of association members.* The support for hypothesis 3c is consistent with the findings of Wiklund and Sheperd (2005) as well as Zahra and Covin (1995) that firms possessing high entrepreneurial orientation were found to outperform their counterparts with lower entrepreneurial orientation. The author argues that especially in the current globalised trade regime where trade opportunities as well as challenges co-exist, a high entrepreneurial orientation among EAs is imperative to help identify trade opportunities and to mitigate challenges. Moreover, as the data supported the positive relationship between entrepreneurial orientation and export performance, it becomes a requirement for EAs seeking to make their members internationally competitive to develop high entrepreneurial skills such as competitive aggressiveness; proactiveness; innovativeness; autonomy and risk-taking capabilities for their members.

Exporters trust for Association leadership is likely to influence exporter's performance much more. Trust for leaders has a coefficient of 0.844 meaning for every 1 percent improvement in trust, there is about 80 percent increase in members' productivity, all things being equal. This finding supports the hypothesis that, *the higher the level of trust Export Association members have for association leaders, the better the export performance of association members.* This result is consistent with Lin and Wang (2008) who emphasized direct positive effects of a one-dimensional construct of trust on performance outcomes. The data supported the positive relationship between 'trust for Association leaders' and 'export performance', implying that if EAs are to support SMEs to become more competitive they have to develop trust for Association leaders.

Trust among members of association influenced productivity positively with a parameter of -0.418. This signifies that, for every 1 percent increase in trust among association members, their output would increase by 41.8 percent. Thus the findings do support hypothesis 3e which stated that : *the higher the level of trust among export association members, the better the export performance of association members.* This is consistent with Aulakh, Masaaki and Sahay's

(1996) observation of a positive trust–performance link. Thus EA leaders need to gain the trust of SME exporters. This would create the conducive atmosphere and serenity to inspire and motivate SME exporters to increase productivity. Additionally, EA leaders need to build trust amongst members. Coupled with the existing high 'actor bonds', increased trust among SME exporters would create the impetus and the synergy for increased exports.

Hypothesis 3a which stated that: *the stronger the 'AAR bonds' within Export Associations, the better the export performance of Association members* was supported by the data as shown on table 6.36. The support for hypothesis 3c is consistent with the view of Veludo, Macbeth and Purchase (2004) that efficiency is achieved through the interlinking of activities, creative leveraging of resource heterogeneity, and mutuality based on self-interest of actors. The positive relationship between 'AAR bonds' and export performance means if EAs are to improve the competitiveness of SME exporters, they must intensify 'actor bonds', 'activity links', and 'resource ties'. However, though AAR bonds provide evidence to support the hypothesis 3a, the probability on the variable's coefficient (0.288) is not significant. As 'actor bonds', 'activity links' and 'resource ties' within Export Associations increase, SME exporters' performance tends to increase. Thus AAR bonds need to be intensified within and among Associations. The fact that the probability on the variable's coefficient (0.288) is not significant vindicates the author's position that 'actor bonds', 'activity links', 'resource ties' alone are not sufficient drivers of SME exporters' performance, calling for more robust independent drivers to complement AAR bonds within EAs.

In order of importance, members trust for leaders (0.844); entrepreneurial orientation (0.523); trust among exporters (0.418); and dynamic capabilities (0.345) are the association attributes which increase SME exporters performance. From the above coefficients, trust for export association leadership offers the greatest positive impact on exporter's performance. All the factors mentioned need to be well-managed by EAs as they have a positive impact on exporters performance. Granted that SME members' trust for Association leadership offers the greatest positive impact, it is highly imperative that EA leaders earn the trust of SME exporters to ensure increased SME exporters productivity.

Table 6.36 indicates that the coefficient of determination is 0.53 implying that 53 percent of the variation in dependent variable (output) is explained by the independent variables. The Durbin-Watson statistics of 1.767 and white hetroskedasticity of 2.849 are significant at 1 percent level. This means that the error terms have constant variance and hence are

homoskedastic and the model is devoid of autocorrelation, meaning the error terms are independent of each other.

6.2.5 SUMMARY OF HYPOTHESES TESTING

Results of hypotheses tested are summarized below in table 6.37. The table shows that only one of the hypothesis (Hypothesis 2) was not supported by the data. Six were supported

Table 6.37 Summary of Hypothesis Testing

Hypothesis	Results
H1: Export Associations provide more home-country support than foreign-country support to Association members.	**Supported**
H2: The more SME Exporters use the internet, the lesser their participation in Export Associations.	**Not Supported**
H3a: The stronger the 'AAR bonds' within Export Associations, the better the export performance of Association members.	**Supported**
H3b: The higher the level of Export Associations' dynamic capabilities, the better the export performance of Association members.	**Supported**
H3c: The higher the level of entrepreneurial orientation of Export Associations, the better the export performance of Association members.	**Supported**
H3d: The higher the level of trust Export Association members have for Association Leaders, the better the export performance of Association members.	**Supported**
H3e: The higher the level of trust among Export Association members, the better the export performance of Association members.	**Supported**

CHAPTER SUMMARY

This chapter has reported qualitative and quantitative findings of the research by displaying data in appropriate forms. The first section of the chapter presented and analyzed qualitative data on Export Associations and Export Promotion Agencies. The second section of the chapter has analyzed and discussed quantitative findings on SME exporters. This chapter has also discussed the results of the research in the light of existing theories and past research, and has further laid the foundation for the derivation of conclusions for the study. The next and final chapter, chapter 7, presents the revised conceptual framework; a recap of the research strategy; factual and theoretical conclusions; theoretical and managerial implications of the study and recommendations to Export Associations, SME exporters and policy makers.

CHAPTER 7
CONCLUSIONS AND RECOMMENDATIONS

CHAPTER INTRODUCTION

Chapter 6 presented the research findings and analyses, as well as a discussion of the research results in the light of existing theories and past research. This chapter brings the study to a close, by presenting key conclusions based on the analyses and discussions in chapter 6. The chapter initially presents the author's revised conceptual model and next, juxtaposes the qualitative and quantitative findings to conclude on areas of convergence and divergence. The research strategy is next recapped, followed by a presentation of factual and conceptual conclusions. The chapter next presents the author's reflections and the study's contribution to knowledge as well as a critique of the research. On the basis of the conclusions, a set of recommendations to Export Associations, Export Promotion Agencies, the government of Ghana and SME exporters are made.

7.1 THE REVISED CONCEPTUAL FRAMEWORK

The conceptual framework developed in chapter 4 has so far, been useful in creating an understanding of the role of Export Associations in supporting SME exporters achieve competitiveness. However, two additional factors which emerged during data analysis and could strengthen the conceptual framework are considered below. This leads to a modification of the author's original conceptual framework involving the reinforcement of *apriori* factors for Export Association effectiveness (AAR bonds; Vertical trust; Horizontal trust; Dynamic capabilities; and Entrepreneurial orientation) with *aposteriori* factors (Leadership characteristics and Access to resource- support).

(a) Leadership Characteristics

Although the benefits of grouping SMEs for export are relatively straightforward, achieving them in practice is a demanding task, and due to a lack of knowledge and preparation, many attempts to establish export groups among SMEs have failed (UNIDO, 2007). A review of the literature concerned with the antecedents of firm's performance reveals three main groups of such factors: managerial, organizational and environmental determinants (Stoian, Rialp and Rialp, 2011). Though there is a lack of agreement among scholars regarding what constitutes the managerial factor in determining exporting and what specific export dimensions are influenced by managers (Leonidou and Katsikeas, 1996), the author stresses the importance of the managerial factor and argues that as an antecedent of a firm's performance, the managerial

factor can be extended from the firm-level to the network-level. The issue of effective leadership and management of EAs emerged as an important component of the study. Both SME exporters and EPAs complained directly or indirectly about EA leadership. EA leaders themselves admitted lapses in leadership and portrayed aspects of weak management capabilities. Consequently, the author argues that leadership is very central to the success of EAs. 'Actor bonds'; 'activity links'; 'resource ties'; 'dynamic capabilities'; 'entrepreneurial orientation'; and 'trust' were all identified as positive drivers of export performance. These factors are resources which need to be nurtured and sustainably exploited by capable leaders to yield competitive advantage for Export Associations, arguing from the RBV perspective. For example building trust or growing actor-bonds within EAs require a type of leadership with relevant characteristics and capabilities. Evidence from the comparative study of two EAs (tables 6.1 – 6.4) shows that the difference between the high-performing AA and poor-performing BB is about the leadership or management approach adopted; the extent to which EA leaders were able to effectively plan, organize, coordinate and control resources and the extent to which leaders were able to inspire trust.

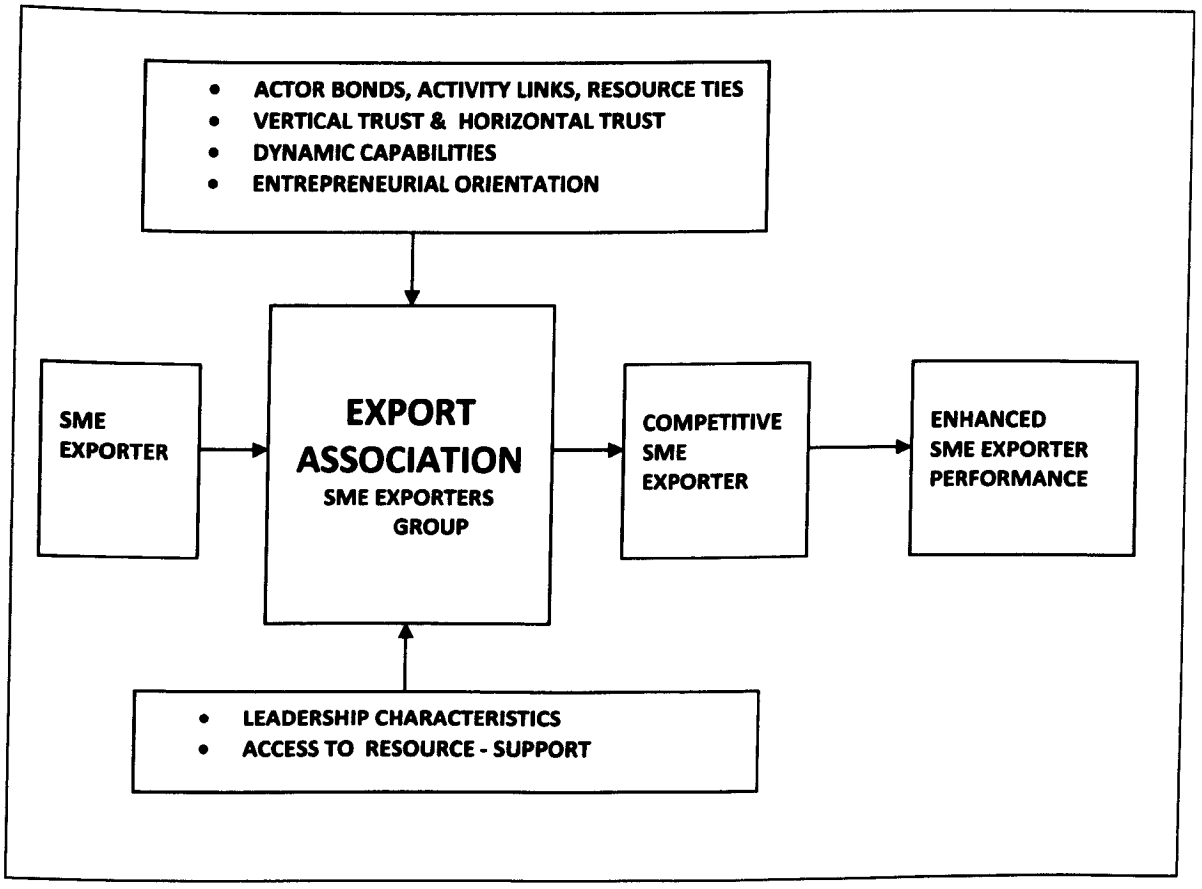
As the overall performance of EAs could be directly linked to leadership, it is argued that the extent to which EAs are successful depends on the capabilities and characteristics of EA leaders. This view receives support from Stenburg (1982) who states that the ability to make the grouping concept work depends on the key people involved and in particular on their ability to work together. The author therefore proposes 'Leadership characteristics' to feature in the conceptual framework as an antecedent to enhanced SME exporters' performance. Desirable characteristics of EA leaders include: leaders possessing strategic management skills; leaders with high level education; leaders who are non-exporters; leaders who are trustful and trust worthy; leaders who are transparent; well- motivated leaders (eg. paid leaders); and leaders as external agents, in order to avoid conflict of interest scenarios. Furthermore, EA leaders would need to develop effective management systems and capabilities required for managing dynamic Export Associations.

(b) Access to Resource-Support

The current practice of channelling resource support directly to SME exporters rather than through EAs was a key concern of majority EA leaders, who partly attributed EA ineffectiveness to this approach. As a network of resource-constrained businesses, EAs definitely require external support (technical, financial, logistical etc) for sustenance and productivity. The research revealed that EAs generally lacked resource-support. For example EAs had very limited

financial resources as they lacked an external source of financial support and as their own sources of income (subscription fees, membership dues and occasional levies) were inadequate and not forthcoming. Furthermore, EAs lamented that resource-support meant for the NTE sector were not channelled through them but rather channelled directly to SME exporters, claiming that such an approach weakened their mandate and 'control' over SME exporters. The EA position contradicts Berry (1997) who adopts the view that it is inappropriate and unrealistic to treat policies to support inter-firm linkages independently of overall SME support. Nevertheless, the author argues that for EAs to be assertive and to wield the required authority to effectively 'control' and deliver value to SME exporters, they must be well-resourced and become the channel for institutional support to SMEs. This position assumes that EAs can be trusted to be fair and transparent in managing resource-support. Consequently, in the revised conceptual framework, 'access to resource-support' has been introduced as an antecedent to export performance. The revised framework is illustrated by figure 7.1.

Figure 7.1: Export Association factors influencing SMEs' export performance



7.2 A COMPARISON OF QUALITATIVE AND QUANTITATIVE FINDINGS

This section juxtaposes qualitative and quantitative findings to identify areas of convergence or divergence of research findings. Tables 7.1 and 7.2 display similarities and differences between qualitative and quantitative findings.

Table 7.1 Similarities between Qualitative and Quantitative findings

Investigative Area	Summary Quantitative Findings	Summary Qualitative Findings
Hypothesis 1 : EAs provide more home-country support than foreign-country support.	The data supported the hypothesis	All EAs agreed they provide less destination support than home country support to EAs.
Hypothesis 2: The more EA members use the internet, the lesser their participation in EAs.	The data did not support the hypothesis	EAs stated that internet usage by SME members was not a threat to the membership of EAs.
Hypothesis 3 suggested positive relationship between variables and exporters performance.	The data supported positive relationship between all variables and exporters' performance	All EAs agreed to the positive relationships suggested in the hypotheses.
Dominance of young exporters.	73% of Association members were under 5 years in business	EAs confirmed majority of their members were young SMEs less than 5 years.
Participation levels	Only about 52% of SME exporters actively participate in EAs.	EAs stated that sizeable SME exporters were inactive members.
Overall level of Support to SME exporters	Overall low support (mean=2.7,SD=1.03) measured on a 5-point likert scale where mean>3=high support and mean<3=low support.	EAs admitted that they were not providing adequate support to SME exporters due to resource constraints.
High Support Areas	Support for exhibitions Production Assistance Training in Business/Marketing	EAs confirmed they provide much support in these areas.
Least Support Areas	Legal Assistance abroad Solving problems abroad Help with contract writing	EAs confirmed low support in these areas.
Actor Bonds	Overall strong actor bonds (mean=3.59, SD=0.8)	EAs confirmed strong actor bonds within EAs.
Activity Links	Overall strong activity links (mean=3.49, SD=0.01)	EAs confirmed strong activity links within EAs.
Resource Ties	Overall strong resource ties (mean=3.40, SD=0.04)	EAs suggested strong resource ties among members.
Vertical Trust	Overall Low trust for Leaders (mean=2.53, SD=0.16)	EAs and EPAs confirmed low vertical trust.
Horizontal Trust	Overall Low trust among members (mean=2.77, SD=0.58)	EAs perceived average trust among members due to high actor bonds. EPAs perceived low trust.

Table 7.2 Differences between Qualitative and Quantitative findings

Investigative Area	Summary Quantitative Finding	Summary Qualitative Finding
Entrepreneurial Orientation	Overall low entrepreneurial orientation (mean=2.25, SD=0.47)	EAs stated they had high entrepreneurial orientation.
Dynamic Capabilities	Overall weak dynamic capabilities (mean=2.49, SD=0.41)	EAs stated they had strong dynamic capabilities.

On the whole, qualitative data confirmed and supported quantitative data to a greater extent. As could be observed from tables 7.1 and 7.2 that there were more areas of data similarities than dissimilarities. This outcome demonstrates the usefulness of the mixed-methods approach, where a qualitative investigation confirmed and explained initial quantitative findings. Tables 7.1 and 7.2 further suggest that inspite of the divergent data collection methods employed, nearly the same results were obtained; implying a reasonable level of data consistency. Considering table 7.2 there were clear contrasting feedback from quantitative and qualitative findings with respect to 'entrepreneurial orientation' and 'dynamic capabilities'. Whilst quantitative data generated from SME exporters suggested low 'entrepreneurial orientation' and weak 'dynamic capabilities', qualitative data garnered from EA leaders indicated high 'entrepreneurial orientation' and strong 'dynamic capabilities'. The author attributes these inconsistencies to possible perceptual differences between EA leaders and SME exporters, and possibly to the 'defensive' attitude of EA leaders. The author suggests that future research should investigate this discrepancy.

7.3 A RECAP OF THE RESEARCH STRATEGY

7.3.1 The Purpose of the Research

In July 2011 Ghana moved from low-income to lower middle-income status, with a GDP per capita of $1,283 (World Bank, 2011). In previous chapters, the author argued that at the present level of per capita income ($1,283), Ghana is only at the fringes of a lower middle-income economy. To grow the economy and entrench the country as an established middle-income economy, Ghana's economy must grow faster than the current GDP growth rate of 6.6 percent recorded in 2010 (World Bank, 2011). Evidence from successful countries shows that the GDP growth rate required to achieve full MIC status has varied from 6 percent in Malaysia and Thailand to around 10 percent in China and Brazil (IFPRI, 2007). However, Ghana's GDP growth rate has only averaged 5.5 percent in the past years (ISSER, 2010). The expected

economic growth in Ghana can best be achieved through the export sector, as other sources of growth are not sustainable (MOFEP, 2000; GEPC, 2005). To achieve a faster growth, Ghana's exports will need to play an increasing role and export diversification will need to be promoted (World Bank, 2006). The NTE sector dominated by SME exporters has been targeted by the government to deliver the expected growth in export revenue, as the traditional sector (Cocoa, Gold, Timber, Electricity) has come to a standstill (GEPC, 2005; ITC, 2007). However, inspite of tremendous support it has received from the Government and other stakeholders, the NTE sector has not grown as expected. As part of strategies to increase NTE exports, EAs have been formed to support SME exporters who constitute almost 90% of the NTE sector. There is anecdotal evidence however, that the EAs are not effectively providing the needed support to SME exporters. Given the strategic importance of the NTE sector in Ghana's export development strategy, it is imperative to evaluate the role of EAs in order to identify their weaknesses and challenges for appropriate interventions towards their effectiveness.

7.3.2 Scope of the Study

Contextually, this research was based on Ghana, although the author made occasional cross-references to developing countries. As the research focused on the export sector which is directly linked to the economy, Ghana's economy was comprehensively reviewed, highlighting its structure, characteristics, orientation and other relevant aspects. Restricted to the NTE sector, the study's searchlight threw at the working relationship between EAs and their SME exporter members, as well as other relevant issues and developments in the NTE sector. The study covered all sub-sectors in the NTE sector as delineated by GEPC, namely: Agricultural; Horticultural; and Processing/Semi-Processing sectors. The investigation was cross-sectional, aimed at a snap shot (Saunders, Lewis and Thornhill, 2007) of EAs rather than a longitudinal study. The external context of the study was provided by the export trade system. This aspect discussed the trade opportunities and challenges SME exporters are exposed to. In this same external context, the research examined how global trade institutions and international trade initiatives and protocols were influencing developments on the export market. This research did not veer into the performance of global trade institutions nor the equal trade opportunities debate.

Conceptually, the study examined EAs and their relationship with SME exporters, focusing on entrepreneurship theories on internationalization, SME network relationships and network management. The research concentrated on horizontal networks (Ghauri, Lutz and Tesfom, 2003) to the exclusion of vertical or supply chain networks, as the former was more relevant in

answering the research question. A multidisciplinary approach was adopted by borrowing concepts from diverse subject areas such as: Economics (GDP, economic growth, per capita income, export revenue); International marketing (export networks, export challenges, competitiveness); Strategic management (leadership, effectiveness. dynamic capabilities); Entrepreneurship (SMEs, entrepreneurial orientation) and Psychology (trust, inter-relationships).

7.3.3 The Research Question & Research Objectives

The research aimed at evaluating the role of Export Associations in supporting SME exporters to be competitive on the export market. The rationale was to identify weaknesses and challenges confronting EAs and to offer suggestions for their effectiveness. The key assumption underlying the study was that effective EAs could propel SME exporters to be more competitive, leading to an improved performance of Ghana's overall export sector, and a consequential rapid socio-economic growth and development. To achieve the research aim, the question: ***To what extent are Export Associations in Ghana supporting SME Exporters to be competitive on the export market?*** was posed. To assist in answering the research question, the following research objectives were set.

1. To assess the types and levels of trade support Export Associations provide to SME exporters in Ghana.
2. To ascertain the key network challenges confronting Export Associations in Ghana.
3. To discover the types and levels of trust existing within Export Associations in Ghana.
4. To assess the impact of the Internet on the membership of Export Associations in Ghana.
5. To recommend strategies for improving the effectiveness of Export Associations in supporting SME Exporters in Ghana.

7.3.4 Extent of Achievement of Research Objectives

The aim of the research has been achieved through scientific, rigorous and ethical research procedures undertaken by the author. The research question has been answered as follows: ***Export Associations in Ghana are supporting SME exporters only to a little extent to be competitive on the export market.*** The objectives of the research have been achieved as reported from chapter 2 through to chapter 8. Chapter 2 presented the contextual background of the study, throwing light on the economy of Ghana and Ghana's NTE sector. The chapter highlighted the strategic value of Ghana's NTE sector as the logical trigger for improved export performance and the key success factor for the country's socio-economic growth. Chapter 2 also provided an insight into the current export trade environment, touching on recent global changes, as well as

global market opportunities and challenges presented to developing countries and small exporters by globalization. A review of the literature in chapter 3 provided a conceptual background and various theoretical perspectives on small-firms internationalization and export networks. Chapter 4 yielded a conceptual framework which underpinned the study, supported by seven hypotheses. Chapter 5 established the philosophical and technical foundations which provided the investigatory strategy for the research. The chapter presented mixed-methods as the methodology of choice, where semi-structured interview and in-depth interview methods were combined. Chapter 5 further described efforts made by the author to ensure rigor, reliability, validity, relevance and ethical data collection and processing. The research findings were analyzed in chapter 6. Qualitative data were analysed using thematic analysis with the assistance of NVivo 8, whilst statistical techniques were used to analyse quantitative data using SPSS. Chapter 6 discussed the research results in the light of previous research which provided the basis for forging conclusions and recommendations for the study. This chapter (7) presents the research conclusions and implications for managerial practices as well as recommendations.

7.4 HYPOTHESES AND PROPOSITIONS

7.4.1 Outcomes of hypotheses tested

Results of hypotheses tested with the aid of appropriate statistical techniques are as follows:

H1: Export Associations provide more home-country support than foreign-country support to Association members – **Supported.**

H2: The more Export Association members use the Internet, the lesser their participation in Export Associations - **Not Supported.**

H3a: The stronger the 'AAR bonds' within Export Associations, the better the export performance of Association members - **Supported**

H3b: The higher the level of Export Associations' 'dynamic capabilities', the better the export performance of Association members – **Supported.**

H3c: The higher the level of 'entrepreneurial orientation' of Export Associations, the better the export performance of Association members – **Supported.**

H3d: The more the trust Export Association members have for Association Leaders, the better the export performance of Association members – **Supported.**

H3e: The more the level of trust among Export Association members, the better the export performance of Association members – **Supported.**

7.4.2 Propositions

The following propositions derived from the study could be explored further by future research.

P1: Export Associations' effectiveness depends on the characteristics of Export Association Leaders.

P2: Export Associations' effectiveness depends on Export Associations' access to resource-support from stakeholders.

P3. Export Associations' effectiveness depends on the relationship between Export Associations and Export Promotion Agencies.

7.5 FACTUAL CONCLUSIONS

Ghana's NTE sector and Export Associations are dominated by resource-constrained SME exporters with five years or less experience in the export business. In the face of enormous challenges posed by globalization to SME Exporters and owing to the highly competitive export trade, EAs are very relevant as support-providers to SMEs. However, on the whole, EAs provide low support to SME exporters and mostly provide more home-country support than foreign-country support. The majority of EAs are not linked to international networks.

EAs lack adequate financial and logistical resources to effectively support SME exporters and expect the Government and EPAs not only to provide more support-resources but to channel such support-resources through them, rather than directly to SME exporters. EAs have poor leadership, poor management structures and lack the commitment of members. The level of motivation of EA leaders is low, whilst a minority of EAs have poor working relationships with GEPC. Internet usage by SME exporters and EAs is at a peripheral level. Its adoption by SME exporters is not threatening the membership of EAs.

SME exporters have low trust for EA leaders, whilst EA leaders similarly have low trust for SME exporters. Inspite of high 'actor bonds' among SME exporters, there is low trust among SME exporters. There is a positive relationship between 'vertical trust' (SME exporters' trust for EA leaders) and the export performance of SME exporters. Similarly, there is a positive link between 'horizontal trust' (trust among SME exporters) and SME exporters' performance. Given the importance of trust in business relationships, the observed low trust among EAs is worrying. EA leaders need to build trust between themselves and SME exporters, whilst encouraging trust

among SME exporters in order to take EAs forward. There is the need for export network managers to deconstruct trust and effectively manage both vertical and horizontal trust within export networks in order to foster productivity, considering the positive link between trust and productivity. For export networks to be productive, managers should indentify, monitor and consistently improve trust components and trust building factors.

Effective management of 'actor bonds'; 'activity links' and 'resource ties' (AAR) is a key success factor for Export Associations in Ghana. Though all AAR factors strongly abound within EAs, they are confined to only members within a particular Association. All the AAR factors have a positive relationship with SME exporters' performance. Though there is low entrepreneurial orientation within EAs, there is a positive link between EA's 'entrepreneurial orientation' and export performance. Similarly, EAs have weak 'dynamic capabilities', however there is a positive link between 'dynamic capabilities' and export performance. In order of importance, 'vertical trust'; 'entrepreneurial orientation'; 'horizontal trust'; 'dynamic capabilities' and 'actor bonds, activity links, resource ties' are attributes which increase exporters' performance. 'Vertical trust' offers the greatest impact on exporters' performance. The characteristics of EA leaders, the management approaches they adopt and their access to resource-support are additional key determinants of EA performance. As of now, the Government, EPAs and other resource providers channel resource-support directly to SME exporters owing to lack of confidence in EAs.

EPAs have a mandate to develop the NTE sector and a responsibility to assist EAs support their SME exporter members. Though they have made an impact on the NTE sector, EPAs have not effectively co-ordinated EAs to deliver value to their members. All EPAs agree that EAs are underperforming due to poor structure and ineffective leadership. All EPAs detest EA leadership composition which lack external representation. However, there is disagreement amongst EPAs over restructuring of EAs and mandatory membership of EAs for SME exporters. Poor working relationships exist between GEPC and minority Export Associations.

On the whole, there is the need to improve the structure; management; resource-flow and organization of EAs for improved effectiveness. SME exporters also need to show more commitment to EAs, whilst EPAs need to be more directly involved in monitoring and supervising EAs.

7.6 CONCEPTUAL CONCLUSIONS

'Trust' was applied in the conceptual framework as an independent variable and deconstructed into vertical trust and horizontal trust. Deconstruction of trust was found to be useful, as it revealed that there was more 'horizontal trust' than 'vertical trust' in EAs and that 'vertical trust' has a stronger influence on performance than 'horizontal trust'.

Empirically, the study proved that all the independent variables in the conceptual framework (Actor bonds, Activity links, Resource Ties; dynamic capabilities; entrepreneurial orientation; vertical trust; and horizontal trust) have a positive influence on the dependent variable (export performance). Though actor bonds; activity links; resource ties have a positive link with performance, the link is not significant, vindicating the author's earlier position that as 'stand-alone' factors, they are not robust enough as a driver of export performance. The study proved that 'dynamic capabilities', 'entrepreneurial orientation' and 'trust' have strong influence on export performance.

'Leadership characteristics' and 'Access to resource-support' emerged from the research as additional important factors influencing SMEs' export performance. From the research, the characteristics of EA leaders and their approach to management had a bearing on SME exporters' morale, trust levels, domestic and foreign trade relations, access to resources and markets etc. which directly influenced SME export performance. The research revealed that EAs lacked resources to effectively deliver support services to assist SME exporters improve their export performance. 'Access to resource- support' therefore enhanced the conceptual framework by affording a proviso to address the resource needs of EAs and to underscore the fact that SME exporters performance is influenced by the extent of resource availability through EAs.

Overall, the conceptual framework provided an insight into the role of Export Associations as supporters SME exporters and offered a predictive criteria for SME exporters' performance.

7.7 GENERALIZABILITY OF CONCLUSIONS

The findings of this research have limited external validity. It was explained in chapter 4 that with respect to the mixed-method adopted for the study, the qualitative dimension was the primary method, whilst the quantitative dimension was secondary. Qualitative researchers are not concerned with the issues of generalizability but with the in-depth understanding of a phenomenon (Polit and Hungler, 1999). It was also explained in chapter 5 that the multi-dimensionality of the research question required both inductive and deductive approaches in

devising a research strategy. The inductive dimension of a study suggested high validity but low reliability of the conclusions, whilst the deductive dimension allowed theory testing and generalisation of conclusions (Saunders, Lewis and Thornhill, 2005). Thus whilst the deductive aspect of the study could have allowed generalization of the research findings to an extent, it yielded low reliability levels. For example, tables 6.11, 6.14, 6.17 yielded low Cronbach alpha values of 0.54, 0.51, 0.70 respectively. Generalizations based on Export Associations would have required probability sampling and a larger sample size. However, Export Associations studied were based on non-probability (purposive) sampling using a small sample size. On the basis of these factors therefore, the findings of this research cannot be generalized.

7.8 CONTRIBUTION TO THE LITERATURE

The study makes a modest contribution to theoretical model development, empiricism and policy-making in the small-firm export networks literature.

7.8.1 The Research Gap

Though there is evidence of considerable research on exporting in Ghana covering areas such as policy; strategy development; macro export analysis; export processing zones; governance; and internationalization of Ghanaian export firms, none of the studies have focused on EAs. Possibly, EAs have not attracted researchers' attention inspite of their strategic importance, because they have been anonymized within the NTE sector by their non-performance. Little or no documented information on EAs in Ghana was available at GEPC, GETIC FAGE, EFC, Ministry of Trade & Industry and other export-related organizations. The libraries of the University of Ghana and other leading University libraries were bereft of information on Export Associations. UNIDO and UNCTAD had data on industrial clusters for SMEs but did not have any in-depth information on horizontal export networks. The author sought to fill this existing research gap by conducting the investigation.

7.8.2 How the Research Gap has been filled

The NTE sector, delineated into the agricultural, handicraft and processing/semi-processing sub-sectors, provided the internal context for the study whilst the export market defined the external context. The study focused on horizontal networks (export groups) without veering into vertical networks or sub-contracting relationships. Conceptually, the study considered the small-firm internationalization, international entrepreneurship and export network literature to derive a conceptual framework which underpinned the study. Designed in a cross-sectional format, the research adopted the mixed-method approach based on the multi-dimensional nature of the

research question and research objectives, suggestions from previous research and the need to achieve robustness. Sequentially, quantitative data was initially collected to identify key parameters, followed by a second-stage qualitative investigation which explained and clarified quantitative findings. The qualitative dimension employed semi-structured interviews and depth interview methods to elicit data from 19 EAs and 4 EPAs respectively. The quantitative study surveyed 259 SME exporters using face-to-face questionnaire. Thematic analysis, with the aid of Nvivo8 and statistical techniques supported by SPSS, were employed to analyse qualitative and quantitative data respectively.

7.8.3 Theoretical Contribution

The main contribution of this thesis is that it is probably the first major research with strong theoretical underpinnings to be conducted on Export Associations in Ghana, representing an important extension to the SME export network studies. The study contributes knowledge to the small firms' internationalization literature in the area of horizontal networks. It provides insight into Export Associations by examining key factors which impact their effectiveness and influence SME exporters' performance. The study offers practitioner-relevant information on EAs which would aid export policy makers and practitioners. The revised conceptual framework provides a useful mechanism for understanding and evaluating horizontal network effectiveness as well as providing an approach for determining SME exporters' performance.

Methodologically, the study demonstrates the applicability of mixed-methods to the study of Export Associations yielding fruitful results. The author is unaware of any such investigation on Export Associations in Ghana which employed mixed-methods within such a broad scope. A fundamental theoretical contribution of this research is its demonstration of the successful synthesis of a network level model (Actor bonds, Activity links, Resource Ties) with two firm-level models (Dynamic capabilities and Entrepreneurial orientation) and a multi-dimensional concept (Trust) for a conceptualization of export network effectiveness which is empirically tested. The study has also proved the applicability of 'Actor bonds, Activity links, Resource Ties' (traditionally used for large firms) to study small export firms.

The research has provided new knowledge about 'trust' by revealing that in the horizontal network context, trust should not be conceived holistically but deconstructed into 'vertical trust' and 'horizontal' trust for a clearer understanding of the impact of trust and networks. Additionally, although it is sufficiently explicit in the literature that trust positively influences network performance, this study has successfully pointed out that 'vertical trust' has a stronger

influence on network performance than 'horizontal trust'. The study further revealed that there is higher 'horizontal trust' within Export Associations than 'vertical trust'.

Finally, the study identified key network 'leadership characteristics' (eg. leaders possessing strategic management skills; leaders who are non-exporters, trustful and trust worthy; leaders as external agents) which could improve EAs' effectiveness leading to improved SME exporters' performance. The study also brought to the fore, the need for stakeholders to carefully consider approaches to channelling 'resource-support' into the NTE sector.

7.9 AUTHOR'S REFLECTIONS

On the whole, the research has successfully evaluated the extent to which EAs support SME exporters to be competitive on the global market. The author identified a gap in research and has provided some information to assist in filling the gap. The research question which was posed has been answered, and the study has contributed to new knowledge as described above. Conducted in a scholastic and practitioner-relevant manner, the study has provided conclusions which though not generalizable, could be investigated by future research. Furthermore, the research has offered a useful tool which policy makers, Export Association leaders and export practitioners may find relevant in decision-making.

By adopting the multi-model approach in developing the conceptual framework, the author has imbibed the usefulness of multiple perspectives in problem-solving and in resolving complex issues. Similarly, the adoption of mixed-methods has reinforced the author's analytical and intuitive capability to blend concepts and ideas meaningfully to achieve results. The author would have wished that findings could be generalized across export networks and across developing countries, given the strategic importance of horizontal export networks. However, this is not possible given the qualitative slant to this research.

A key value garnered in this whole process is the realization of the power of 'trust' in social or business relationships. The author is fascinated by the reality that the level of trust in Export Associations can determine the performance of SME exporters in Ghana; Ghana's NTE sector; and ultimately Ghana's GDP which affects the socio-economic destiny of some twenty-two million Ghanaians. 'Trust' then, is a very powerful concept, perhaps greater than gold, the author has learnt.

7.10 A CRITIQUE OF THE RESEARCH

The study has key strengths in its robust methodology (mixed-methods) and its strong theoretical foundation. The analytical aspect of the research gained rigor from the qualitative and quantitative blend, affording the research, the twin advantages of thematic and statistical analysis. Furthermore, the inter-sector comparative analysis and the comparison of a high-performing and a poor-performing EA broadened the scope of analysis. However, the following should be considered when interpreting the research findings:

There was very limited literature and documented information on EAs in Ghana as mentioned previously. This made it difficult to obtain key secondary data, resulting in reliance on anecdotal information. As no prior study of EAs in Ghana existed, this research lacked reference points which could have guided and enriched the study.

The scope of the study was limited. The author studied only formal EAs registered with GEPC without considering other existing forms of export groups. Perhaps, incorporating informal export groups, product associations or industrial clusters and possibly comparing their roles with the formal EAs chosen for the study would have been more beneficial. Similarly, the research focused on only SME exporters registered with GEPC and current members of EAs. Perhaps including itinerant exporters or SME exporters not registered with GEPC as well would have proved useful. Also, perhaps the inclusion of non-EA SME exporters or ex-EA members would have provided more useful information.

It is not unreasonable to suggest that the multiciplicity of models used in this research could have created analytical problems. The author synthesized four comprehensive models; Actor bonds, Activity Links, Resource Ties; Dynamic Capabilities; Trust; and Entrepreneurial Orientation (each with several components) into a conceptual framework. Fayol's management model was borrowed to operationalize the 'Actor bonds, Activity Links, Resource Ties' model. By this multi-model conceptual approach, there was a tendency to compromise on analytical depth.

It is the author's after-thought that perhaps this research could have made more significant discoveries had it been conducted longitudinally rather than cross-sectionally. A longitudinal approach would have revealed how the role of EAs and their management has changed over time in the highly dynamic export business environment. Thus this research is subject to criticisms of cross-sectional studies on SME growth through internationalization. Limitations of the study include the reported low Chronbach alpha coefficients suggesting low internal consistency and

unreliability of the 'means' in decision-making, low generalizability owing to the qualitative factor in the research.

The study would perhaps have been more thorough but for the financial resource limitations encountered. For example a focus group with a mix of SME exporters from the Agricultural, Handicraft and Processed/Semi-processed sectors; another focus group comprising EA leaders and EPA officials and yet another bringing EA leaders face-to-face with exporters would have brought enormous value to the research. The author could have benchmarked EAs in Kenya, South Africa or Asia. However, these were not possible owing to financial resource limitations.

7.11 SUGGESTIONS FOR FUTURE RESEARCH

This study was cross-sectional, focusing on the current role of EAs and their relationship with SME exporters. Given the dynamic nature of the global trading regime, future research should consider a longitudinal approach to studying EAs, in order to establish their dynamics over time. It will be interesting for future studies on EAs to consider a full-scale quantitative approach to allow for thorough measurement and generalization, using parameters identified in this study. Methodologically, future research could adopt a different combination of mixed-methods, for example by combining the survey method with focus groups to yield deeper insights. Future research should also explore how relationships amongst EAs within sectors and across sectors could be forged and how inter-Association linkages and partnerships could yield benefits to EAs. EAs inertia with regards to forging links with international export networks and international supply chains could also be investigated. Additionally, future research could thoroughly investigate the management dimension of EAs as it is crucially linked to the performance of SME exporters. Finally, future research could explore the propositions which emerged from the study.

7.12 RECOMMENDATIONS

In this section, the author makes recommendations to Export Associations, Export Promotion Agencies, the government of Ghana and SME exporters based on the conclusions derived earlier in the chapter.

7.12.1 Recommendations to Export Associations

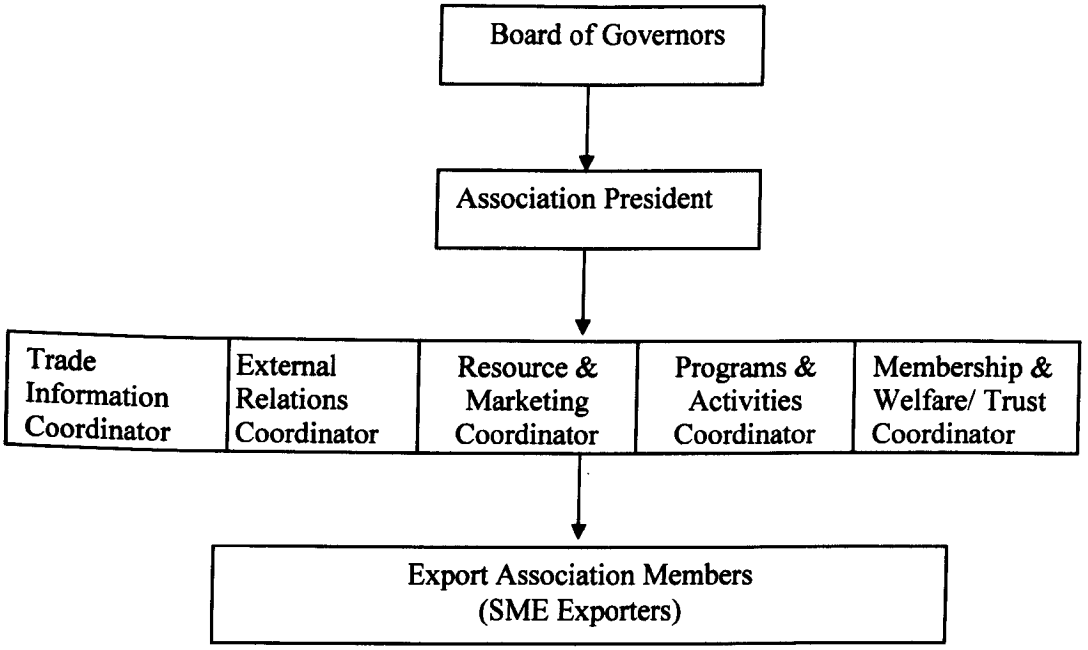
Given their relevance within the NTE sector, it is imperative that EAs are well-managed and well-coordinated to play a strategic role in Ghana's export development strategy. It is recommended that EAs should consciously work towards creating and strengthening the factors

identified to be influencing SME exporters' performance namely: AAR bonds; Dynamic capabilities; Entrepreneurial orientation; and Trust. Extra efforts should be made by EAs to build and improve 'vertical trust' by ensuring more transparency, accountability and communication. In addition to reinforcing existing strong 'actor bonds', EAs should also endeavour to build 'trust amongst members' by putting up systems which promote inter-firm cooperation and minimize inter-firm conflicts. Once trust is firmly established within EAs; all other internal problems are likely to be easily resolved.

Taking the above recommendation a step further, the author recommends that Export Associations should develop an organizational culture incorporating the "excellence" factors of Peters and Waterman (1982) as well as a culture which encapsulates 'Dynamic Capabilities'; 'Entrepreneurial Orientation'; 'Actor Bonds' and 'Trust'. It is the author's view that once these factors are imbibed by EAs as "cultural" or "the way we do things here", EAs are likely to become effective in supporting SME Exporters.

EAs would have to improve their structures and management approaches in order to earn the trust and commitment of members, as well as gain the confidence of EPAs and Government. To this end, EAs must build an efficient leadership regime by including external persons in their management teams. Additionally, leaders should give up personal export interests to avoid 'conflict of interest' situations which is the bone of contention between EAs and stakeholders. It is recommended that EAs adopt the 'AA' model for operationalizing 'Actor bonds' and furthermore create goodwill, transparency and trust between themselves and stakeholders. Once these are in place, it becomes less difficult for EAs and EPAs to work together and for resources to be channelled through EAs. It is further proposed that EAs adopt corporate governance structures, as it would assist in improving their prospects of obtaining funding from investors and financial institutions. A 'board of governors' for EAs consisting of professionals from EPAs, the Universities, financial Institutions and the private sector is proposed. The following needs-based and result-oriented structure for EAs illustrated by figure 7.2 is recommended.

Figure 7.2: Proposed Organizational Structure for Export Associations



It is recommended that EAs should position themselves to attract external resource support from EPAs, government, the private sector and multi-lateral agencies. This entails creating a positive image; building trust; demonstrating accountability; minimizing bickering and squabbling among the Association members; and developing good rapport with stakeholders.

Granted that the challenges faced by SME exporters on the export market is borderless, it is expedient that EAs extend their focus beyond 'home-country' support to 'foreign-country' support. To be able to provide 'foreign-country' support to members, EAs should create direct links with Ghana's diplomatic missions abroad. In this vein, EAs should create 'foreign connectedness' in order to gain access to foreign markets, connect to regular buyers, gain timely trade information and reduce transaction costs. It is imperative that EAs form external networks and integrate into international value chains to ensure stable markets for their products.

To inspire SME exporters' participation in Association programmes and activities, EAs should deliver useful demand-driven services and value to members. This would motivate members to positively respond to EAs. The study revealed that EAs are not fully engaged with the internet, and the majority do not have websites to showcase the Association's identity and product profiles. It is recommended therefore, that EAs develop attractive websites as a matter of urgency and furthermore, adopt e-business practices. Though the internet is currently not

threatening the membership of EAs, it is recommended that EAs should closely monitor its tendency to promote self-supportiveness amongst exporters. It is equally crucial that EAs develop working rapport with other EAs both within their sector and outside, to share cross-sector information, export experiences and to promote network learning.

The author submits that to motivate and commit EA leaders to put in their maximum, all leaders within EAs must be salaried workers. Voluntarism within EAs should be discarded, and a sense of commercialism injected. It is the author's view that well-organised and commercially-oriented EAs enjoying full patronage and financial commitment of members can sustain the salary payments of their leaders. This point has been proved by AA Export Association which paid all its management personnel and other staff. As the various NTE sub-sectors sectors (agriculture, handicraft, processing) reflected different strong and weak support-areas, EAs should identify and address weak support-areas, whilst sustaining and reinforcing strong support areas by a systematic review of their operations. It is further suggested that EAs should be more proactive through strategic planning.

7.12.2 Recommendations to Export Promotion Agencies

EPAs need to ensure good working relationship with EAs and to come to terms with the fact that if EAs under-perform, it is the whole NTE sector that suffers. Thus where differences exist between EPAs and EAs, such differences must be quickly resolved to ensure the needed congeniality for progress. EPAs need to be more effective in strategic planning by factoring in EAs as key players in the process of transforming the NTE sector into the real engine for growing Ghana's exports.

EPAs should assist EAs to develop international 'connectedness' by linking them to export networks in foreign markets or to export-oriented countries such as Kenya and South Africa. EPAs should also assist in creating links amongst EAs within sectors and across sectors.

As much as possible, EPAs should provide more direct support to EAs to strengthen their capacity and mandate to control SME exporters. Also, EPAs should jointly hold programmes with EAs to deliver value to SMEs. EPAs should further engage and cooperate among themselves to collectively devise and implement policies which would take the NTE sector forward.

7.12.3 Recommendations to the Government of Ghana

Although these are times of democratic dispensation, it is recommended that the government should emulate the example of Kenya by making membership of EAs mandatory for SME exporters. The author argues that given socio-economic and cultural similarities between Ghana and Kenya, there is a high likelihood that mandatory EA membership would equally be successful in Ghana. In this context, government should put in place appropriate legislation after consultations with stakeholders.

For EAs to become financially sustainable in order to effectively support their members and meet their administration costs, the government should assist EAs generate a sustainable funding regime, where EAs retain a percentage of export proceeds from members. Such funds could be invested on behalf of EAs by Export Finance Company or used as collateral to attract lending.

The author proposes that Export Associations should be given a more professional and marketing-oriented outlook. For example 'Yam Producers and Exporters Association of Ghana' could be more purposefully and more professionally referred to as: 'GHANA YAM EXPORT NETWORK'.

It is recommended that government should commit resources to its foreign diplomatic missions abroad and sensitize them to be more responsive in assisting EAs deliver foreign-country support. Additionally, the Government should implement group marketing schemes using the EAs as operational platforms. This concerted marketing approach is likely to solve marketing problems of small exporters. To avoid fatal mistakes, the scheme could be piloted using a select number of EAs. Also, the Ministry of Trade and Industries (MOTI) should improve its monitoring role to ensure that EPAs are co-ordinating EAs very well.

An export drive should be implemented by the government through various sectors of the economy to sustain interest in exports. Entrepreneurship in the direction of exports should be actively encouraged among young people including students from secondary schools to universities, supported by EPAs. The annual national export awards should be extended to EAs. For example, awards such as the 'Best Export Association of the Year' in agriculture, handicraft and processing sectors should be instituted. Finally, considering the importance of exports as the trigger for accelerated socio-economic development in Ghana, it is recommended that the government should appoint a substantive Minister of Trade with direct responsibility for the NTE sector.

7.12.4 Recommendations to SME exporters

Consistent with current global developments calling for a partnership approach to international business, SME exporters should be encouraged to develop a partnership orientation rather than individualism. SME exporters should take note of examples from successful middle – income economies such as Singapore, Malaysia and Asian countries where SMEs unified in the export business and as a result became very competitive. In this regard, SME exporters should adopt a positive attitude towards EAs. SME exporters should develop ownership of the EAs and show more commitment. Instead of abandoning the EAs, older members should stay on, share their experiences and support the EAs with their expertise and external contacts. As trust is reciprocal, SME exporters should earn the trust of EA leaders by attending meetings and by committing to payment of Association dues to keep the Associations up and running.

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APPENDIX 1

QUESTIONNAIRE FOR SME EXPORTERS

This questionnaire is for a research titled: THE ROLE OF EXPORT ASSOCIATIONS IN SUPPORTING SME EXPORTERS IN GHANA'S NON-TRADITIONAL EXPORT SECTOR. Your assistance is being sought in completing this questionnaire for a research which will help develop Ghana's Non-Traditional export sector and benefit your business as well. Please be assured that you will not be identified as a respondent, and your responses will be confidential.

SECTION A

1. (a) Which export sector do you belong? (Please Tick)

Handicraft Sector		Agricultural Sector		Processed/Semi Processed Sector	
(b) Name of Product:					
(c) Name of Export Association:					

2. Please indicate HOW LONG you have been a member of the Association (Tick ONE Box)

Under 2 Years	2+ - 5 Years	5+ - 10 Years	10+ - 15 Years	Over 15 Years

3. HOW ACTIVE are you in your Export Association? Please tick ONE box and briefly explain.

Participation Level	**Tick**	**Reason**
Very inactive		
Inactive		
Average		
Active		
Very active		

4. Describe the NATURE OF YOUR PARTICIPATION in Export Associations (Tick for all)

Participation factors	**Always**	**Sometimes**	**Never**
Attending meetings			
Payment of membership dues			
Adhering to policies and procedures			
Abiding by the Association's decisions			
Promoting the Association to other exporters			
Offering resources to benefit the Association members			
Providing positive suggestions for improvement			
Volunteering trade Information to Association members			
Defending the Association in external circles			
Withdrawing in the midst of crises or difficulties.			

5. What LEVEL OF SUPPORT do you currently receive from your Export Association (Please tick)

Support Areas	No Support	Very Low Support	Low Support	High Support	Very High Support
Export Trade information					
Support in finding buyers					
Checking buyers identity					
Solving problems abroad					
Legal assistance abroad					
Sourcing export finance					
E-business support					
Technical/Production support					
Support with input supplies					
Business management support					
Training in Marketing					
Help with contract writing					
Participation in exhibitions					
Others:					

6. HOW IMPORTANT are the following to you as an Export Association member? (Please tick)

Factor	Least Important	Not Important	Neutral	Important	Very Important
Leadership is highly trusted by members					
EA has highly educated leadership					
Fairness to all members					
EA is forward-looking (Proactive)					
Operates > 5 regions in Ghana					
Works closely with other EAs in the trade					
Promotes strong bonds among members					
Promotes e-business usage by members					
Supports attendance to exhibitions					
Actively represented abroad					
Works closely with Ghanaian Missions abroad					
Responsiveness to members problems					
Other:					

7a. Please describe the nature and level of TRUST you have for your ASSOCIATION LEADERSHIP by ticking the appropriate box for each trust component listed below.

	Very Low	Low	Average	High	Very High
Willingness to take risk on behalf of members					
Acting with equity					
Placing member's interest ahead of their own					
Having the capability & expertise to perform as expected					
Adhering to written or verbal promises					
Freely communicating information to members					

7b. Please describe the nature and level of TRUST you have for your ASSOCIATION MEMBERS by ticking the appropriate box for each trust component listed below.

	Very Low	Low	Average	High	Very High
Willingness to take risk on behalf of members					
Acting with equity					
Placing member's interest ahead of their own					
Having the capability & expertise to perform as expected					
Adhering to written or verbal promises					
Freely communicating information to members					

8. Please describe the ACTOR BONDS, ACTIVITY LINKS AND RESOURCE TIES existing in your Export Association by selecting a response to each of the following factors listed below.

	Very Low	Low	Average	High	Very High
Level of bonds among members					
Technical links among members					
Administrative links among members					
Commercial links among members					
Evidence of tangible resource ties					
Evidence of intangible resource ties					

9. Please describe the ENTREPRENEURIAL LEVEL of your Association (Tick each factor)

	Very Low	Low	Average	High	Very High
Innovativeness					
Autonomy					
Risk-Taking					
Proactiveness					
Competitiveness					

10. Please describe the ABILITY OF YOUR EXPORT ASSOCIATION TO COPE with the following changing situations by selecting a response to each of the listed factors below.

	Very Low	Low	Average	High	Very High
Ability to effectively cope with changing market circumstances					
Ability of your Export Associations to adapt/re-organize internal resources towards the changing environment					
Ability of your Export Associations to adapt/reorganize external resources towards the changing environment					

11. Please write the most appropriate number (1-5) at the end of EACH of the following statements in the boxes provided using the following scale:

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

	Rank
(a) Export Associations should partner private sector agencies to purchase members export produce and pay members guaranteed prices.	
(b) Export Associations should transform into limited liability companies to purchase members export produce and pay members guaranteed prices.	
(c) Export Associations should be managed by externally-appointed persons who are not exporters, to ensure fairness and efficiency within the Associations.	
(d) Leaders of Export Associations should be university graduates or highly qualified professionals in business management.	

12a. Please indicate the LEVEL OF FOREIGN-COUNTRY SUPPORT provided by your Export Association by ticking ONE box below.

	Very Low	Low	Neutral	High	Very High
Level of foreign-country support					

12b. Please indicate the LEVEL OF HOME-COUNTRY SUPPORT provided by your Export Association by ticking ONE box below.

	Very Low	Low	Neutral	High	Very High
Level of home-country support					

13. Please describe the extent of your agreement or disagreement with the following statement on the SOURCE OF TRADE SUPPORT for SME exporters.

Financial/Technical/ Material support from the Government, EPAs and private sector should be directly sent to SME exporters and not through Export Associations to SME exporters.				
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

14. As an Exporter, do you use the internet? (Please tick ONE) YES ..... NO .....

15. If NO to question 11, briefly explain your response by selecting your reason(s).

Reason for not using e-business	Tick
I cannot use internet at all.	
I have very little training in usage of internet, e-mail, websites, Skype etc	
I do not have access to the internet	
I cannot afford the cost of installing internet and e-business resources	
I do not have interest in using internet due to the small size of my business	
Internet does not bring any extra value to my business	
I am a small business. Internet is useful to only large businesses	
I do all I need to do without depending on the internet	

16. If YES to question 11, indicate your level of internet usage

	Very Low	Low	Neutral	High	Very High
Level of usage					

17. Please describe the PURPOSE OF YOUR INTERNET USAGE by placing the most appropriate number (1-5) in each of the boxes provided at the end of each statement using the following scale:

Strongly disagree	Disagree	Neutral	Agree	Strongly agree
1	2	3	4	5

Purpose of Internet Usage	Rank
Identifying buyers and marketing opportunities	
Sending and receiving e-mails and documents	
Use for e-banking	
Communicating with buyers abroad through skype	
Holding video conferences with buyers etc	
Communicating with Association members	
Tracking shipments to destination markets	
Others	

18. How has your internet usage level affected the level of your participation in Export Association activities? Please tick and explain your response.

Impact	Tick	Reason
I still participate very actively		
I only participate averagely		
I do not participate at all in my Export Association as a result		
I participate but intend withdrawing from my Export Association as a result		
E-business usage has not in any way affected my participation level		

19. Please indicate the level of your involvement in INTER-FIRM RELATIONSHIPS

	Very Low	Low	Neutral	High	Very High
Inter-Firm Relations					

20. Please describe the benefits you derive elsewhere (eg. your colleague small exporters or other export groups) which you do not obtain from your Export Association.

21. Please provide the following information about your business by ticking the appropriate boxes.

(a) Number of Years in the Export Business	Under 2 Years	2 - 5 Years	6 -10 Years	11 -15 Years	Over 15 years

(b)Respondent's Position in the Business	Managing Director (MD)	Assistant MD	Production Manager	Export Manager	Admin Officer	Other (specify)

(c)Respondent's Highest Qualification	Masters degree	Ist degree	Diploma	GCE A Level	GCE O Level	MSLC	Non-formal

(d)Number of employees in Business	Under 5	5 - 10	11 - 15	16 – 20	21 - 30	31 - 40	41-50	Over 50

(e)Total Annual Exports		2007	2008	2009
	Under $50, 000			
	$50,000 – 99,999			
	$100,000 – 199,999			
	$200, 000 – 299,999			
	$300,000 – 499,999			
	$500, 000 – 999,999			
	$1,000,000 – 2,999,999			
	$3,000,000 – 5, 999,999			
	$6,000,000 and over			

22. Please state any further information relevant to this research.

Thank you very much for your time and your invaluable contribution to this Research.

APPENDIX 2

SEMI-STRUCTURED INTERVIEW QUESTIONS FOR EXPORT ASSOCIATIONS

1. What is your role as an EA and how important is this role in the light of current global trade environment?

2. What types or forms of support do you provide for your members and how adequate are they?

3. As an EA what are some of the challenges you face?

4. Please describe the actor bonds, activity links and resource ties in your EA

5. How would you describe the level of entrepreneurial orientation of your EA.

6. How would you assess the dynamic capabilities of your Export Association

7. Do you have working relationships with other EAs within or outside your sector or abroad? If not why?

8. What is the nature and level of trust between you as Association leaders and your Association members?

9. What is the nature and level of trust among your members?

10. What is the impact of these trust relationships on the EA?

11. What is the impact of the Internet in your EA?

12. Would you say internet adoption is disintegrating your EA? If yes, how?

13. How can your EA be improved with reference to other export networks abroad?

14. What is your view on the proposal to inject external persons into your management teams?

15. In what ways can industry players and international donors assist your EA to be more effective?

16. What concrete steps need to be taken to make Export Associations more effective?

APPENDIX 3

IN-DEPTH INTERVIEW GUIDE FOR AA AND BB EXPORT ASSOCIATIONS

1. Please give a brief background of your Association, with a focus on its structure and management.

2. What planning process or system do you have in place to ensure Actor Bonds, Activity Links and Resource Ties among your members?

3. How do you organize for Actor Bonds, Activity Links and Resource Ties among your members?

4. Please indicate how your Association coordinates Actor Bonds, Activity Links and Resource Ties among your members?

5. How does your Association ensure that set goals for Actor Bonds, Activity Links and Resource Ties within your EA are achieved?

6. To what extent would you say your performance as an Association is influenced by the level of Actor Bonds, Activity Links and Resource Ties among your members?

APPENDIX 4

IN-DEPTH INTERVIEW GUIDE FOR EXPORT PROMOTION AGENCIES

1. What is your role as an Export Promotion Agency and how important is this role in the light of the current global trade challenges?

2. How would you assess the performance of Export Associations in Ghana's Non-Traditional Export Sector?

3. What are your views on the structure, composition and management of Export Associations?

4. How does your institution support EAs to ensure their effectiveness?

5. In your view, what are membership challenges facing EAs? Would you recommend mandatory membership of Export Associations?

6. Could you identify the best-performing and worst-performing Export Associations and indicate reasons for their performance and non-performance.?

7. What are your future plans for supporting Export Associations in Ghana?

APPENDIX 5

LIST OF EXPORT ASSOCIATIONS INTERVIEWED

Agricultural Sector	1. Ghana Yam Producers & Exporters Association 2. Horticulturist's Association of Ghana (Hag) 3. Kokomba Yam Farmers & Exporters Association of Ghana (Kyfeag) 4. Papaya & Mango Producers/ Exporters Association of Ghana (Pampeag) 5. Sea-Freight Pineapple Exporters of Ghana (Speg) 6. Ghana Association of Vegetable Exporters (Gavex) 7. Vegetable Producers & Exporters Association of Ghana (Vepeag) 8. Coffee & Sheanuts Exporters Association
Processing Sector	1. Botanical Product Association of Ghana (Botpag) 2. Continental Association of Salt Exporters (Case) 3. Furniture & Wood Products Association of Ghana (Fawag) 4. Ghana Tropical Food Producers & Exporters Association (Gtfp&Ea) 5. Sheabutter & Cosmetic Producers Association
Handicraft Sector	1. National Association of Handicraft Exporters (Nahe) 2. Spinnet Textiles Garment Cluster 3. Ghana Association of Fashion Designers and Exporters (Gafdex) 4. ATAG Craft Network Association of Ghana (Acnag) 5. NewKraft Group 6. Greater Accra Handicraft Dealers Association
TOTAL	19

APPENDIX 6

LIST OF SELECTED EXPORT PROMOTION AGENCIES INTERVIEWED

Institution	**Role in NTE Sector**	**Interviewee(s)**
Ministry of Trade & Industry (MOTI)	Trade Policy	Technical Director/Trade Attache
Ghana Export Promotion Council(GEPC)	Trade Promotion	Marketing Manager & Heads of Agric, Processing, Handicraft divisions
Federation of Association of Ghanaian Exporters (FAGE)	EA Federation	Marketing Manager
Ghana Export Trade Information Centre (GETIC)	Trade Information	Executive Officer
Export Finance Company (EFC)	Export Finance	Operations Manager

APPENDIX 7

LIST OF SELECTED NON-TRADITIONAL EXPORT PRODUCTS IN GHANA.

Agricultural	Processed / Semi-Processed	Handicraft
Horticultural Products	**Aluminum Products**	Traditional Textiles (Kente, Batiks etc)
Pineapples	Coils, Circles, Plates	
Mangoes	Aluminum Pans, sheets etc.	
Avocado Pear		Straw Products (Bolga Basket)
Pawpaw	**Cocoa Products**	
	Chocolate	Rattan/Cane Products
Vegetables	Cocoa Powder	
Okra	Cocoa Liquor	Ceramics
French Beans	Cocoa Butter	
Courgettes	Cocoa Cake	Sculptures and Paintings
Mushrooms		
Albergines	Agriculture and food processing machines.	Jewellery and other Metal works.
Asian vegetable		
Spices		
Ginger	Processed fruits and vegetable products.	Wooden Handicraft Products
Chilies		
Nuts products		
Cashew(raw)	Salt	
Sheanuts		
Rubber (RSS, TSR):	Furniture and other wood Products.	
Rubber products		
Oil seeds:		
Groundnuts	Beer	
Copra		
Desiccated Coconut	Garments	
Cotton seeds		
Coconut (Fresh)	Textiles	
Fibre products		
Lint Cotton.	Palm Oil	
Tuber products		
Yam	Soap and detergents	
Cassava		
Marine products		
Prawns		
Shrimps		
Lobsters		
Tuna and other fishers.		
Coffee		

Source: Ghana Export Promotion Council

APPENDIX 8

THEMES DEVELOPED IN NVIVO 8 FOR ANALYZING TRANSCRIPTS FROM EXPORT ASSOCIATIONS

Parent nodes	Child nodes
Role of EAs	Role Awareness Role Relevance
Nature of Support	Level of Support Domestic Support Destination Support
Association Challenges	Membership Problems Relationships within EAs Resource Challenges Institutional Support Problems Abroad External Relationships Impact of Challenges
Trust	Vertical Trust Horizontal Trust Impact of trust
Network Bonds	Actor Bonds Activity Links Resource Ties
Entrepreneurial Orientation	Pro-activeness Innovativeness Autonomy Risk-taking Competitive Aggressiveness
Dynamic Capabilities	Coping with Market Changes Adapting Internal Resources Adapting External Resources
Management issues	Structure Composition Views on Restructuring Strategic Planning Impact of Internet

APPENDIX 9

SPSS OUTPUT For Correlation Estimate
Level of Education And Level of Participation In Export Associations

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Respondent's highest qualification * Participation level in Association	259	100.0%	0	.0%	259	100.0%

Cross tabulation

	Participation level in Association					Total
	Very inactive	Inactive	Average	Active	Very Active	
Non-formal	0	3	0	0	0	3
	.0%	100.0%	.0%	.0%	.0%	100.0%
Basic Education (MSLC)	24	16	3	14	4	61
	39.3%	26.2%	4.9%	23.0%	6.6%	100.0%
GCE - O level	5	18	22	34	2	81
	6.2%	22.2%	27.2%	42.0%	2.5%	100.0%
GCE - A level	4	0	7	4	5	20
	20.0%	.0%	35.0%	20.0%	25.0%	100.0%
Diploma	3	10	11	5	5	34
	8.8%	29.4%	32.4%	14.7%	14.7%	100.0%
1st degree	0	13	3	26	9	51
	.0%	25.5%	5.9%	51.0%	17.6%	100.0%
Masters degree	0	3	2	2	2	9
	.0%	33.3%	22.2%	22.2%	22.2%	100.0%
Total	36	63	48	85	27	259
	13.9%	24.3%	18.5%	32.8%	10.4%	100.0%

Correlation Coefficients: Respondent's highest qualification * Participation level in Association

	Value	Asymp. Std. Error[a]	Approx. T[b]	Approx. Sig.
Kendall's tau-b	-.257	.051	-5.050	.000
Spearman Correlation	-.315	.060	-5.320	.000[c]
Pearson's R	-.299	.057	-5.021	.000[c]
N of Valid Cases	259			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

APPENDIX 10

SPSS OUTPUT FOR KRUSKAL WALLIS TEST

Ranks

	Export sector	N	Mean Rank
Trust for Association's leadership	Handicraft	86	134.02
	Agriculture	88	130.64
	Processed	85	125.28
	Total	259	
High education of Association's leadership	Handicraft	86	121.23
	Agriculture	88	138.92
	Processed	85	129.64
	Total	259	
A fair and non-discriminatory Association	Handicraft	86	124.59
	Agriculture	88	143.24
	Processed	85	121.76
	Total	259	
A foreign-focused Association	Handicraft	86	139.54
	Agriculture	88	131.06
	Processed	85	119.25
	Total	259	
A forward-looking Association	Handicraft	86	126.98
	Agriculture	88	138.45
	Processed	82	119.41
	Total	256	
A geographically well-represented Association in Ghana	Handicraft	86	137.87
	Agriculture	88	119.01
	Processed	85	133.42
	Total	259	
An Association promoting strong relations among members	Handicraft	86	122.24
	Agriculture	88	144.04
	Processed	85	123.32
	Total	259	
An Association promoting e-business usage amongst members	Handicraft	86	123.86
	Agriculture	88	141.73
	Processed	82	119.17
	Total	256	
An Association which organises/patronizes foreign exhibitions	Handicraft	86	136.30
	Agriculture	88	135.88
	Processed	85	117.54
	Total	259	
An Association with active representation in destination	Handicraft	86	138.71
	Agriculture	88	122.70

countries	Processed	85	128.75
	Total	259	
An Association closely working with Ghana's trade consulates abroad	Handicraft	86	134.35
	Agriculture	88	132.85
	Processed	85	122.65
	Total	259	
An Association which articulates the interests of its members	Handicraft	86	138.50
	Agriculture	88	125.26
	Processed	85	126.31
	Total	259	

Test Statistics[a,b]

	A forward-looking Association	A geographically well-represented Association in Ghana	An Association promoting strong relations among members	An Association promoting e-business usage amongst members
Chi-Square	4.179	3.305	9.228	8.917
Df	2	2	2	2
Asymp. Sig.	.124	.192	.010	.012

a. Kruskal Wallis Test

b. Grouping Variable: Export sector

Test Statistics[a,b]

	An Association which organises/patronizes foreign exhibitions	An Association with active representation in destination countries	An Association closely working with Ghana's trade consulates abroad	An Association which articulates the interests of its members
Chi-Square	11.710	3.763	2.850	9.056
Df	2	2	2	2
Asymp. Sig.	.003	.152	.240	.011

APPENDIX 11

SPSS Output for Ordinary Least Square Regression Analysis

Final model
Dependent Variable: OUTPUT
Method: Least Squares
Date: 07/11/11 Time: 14:55
Sample(adjusted): 2 256
Included observations: 103
Excluded observations: 152 after adjusting endpoints

Variable	Coefficient	Std. Error	t-Statistic	Prob.
AARBONDS	0.287654	0.398522	0.721802	0.4722
DYNAC	0.345234	0.169504	2.036730	0.0444
ORIENTC	0.523290	0.221300	2.367389	0.0199
TRUSTL	0.844561	0.311213	2.713771	0.0026
TRUSTA	0.141819	0.143125	2.921879	0.0074
C	0.967412	0.380151	2.544805	0.0459

R-squared	0.525612	Mean dependent var	2.789644
Adjusted R-squared	0.052790	S.D. dependent var	1.200935
S.E. of regression	1.168806	Akaike info criterion	3.206330
Sum squared resid	132.5125	Schwarz criterion	3.359809
Log likelihood	-159.1260	F-statistic	2.136941
Durbin-Watson stat	1.767995	Prob(F-statistic)	0.067407

APPENDIX 12

REQUEST LETTER FOR INDEPTH - INTERVIEW

London Metropolitan Business School
London Metropolitan University,
166 - 220 Holloway Road,
London N7 8DB

Personal Phone: 00447739721816
Email : almartinsgh@yahoo.com

24TH September 2010

The Chief Executive Officer
FAGE
Accra, Ghana

Dear Sir,

REQUEST FOR APPOINTMENT FOR A ONE HOUR INTERVIEW

I am a final year student of the above-mentioned University currently collecting data for my PhD thesis on: **"The Role of Export Associations in the Promotion of Ghana's Non-Traditional Export Sector."**

The purpose of the study is to generate information which will assist in improving the performance of Ghana's Non-Traditional Export sector, largely perceived as the engine of growth of Ghana's exports. FAGE has been selected to participate in this study because of FAGE's role as an umbrella organization of Export Associations and the belief that FAGE possesses the kind of information that could assist the researcher successfully carry out the research. The interview will centre around your role within the NTE sector, particularly your relationship with Export Associations. The questions are flexible and skewed to identifying challenges of Export Associations and how they could be addressed

In this regard, I would greatly appreciate if you grant me an appointment for a one hour interview for the purpose of gaining more understanding and insight into the topic under study. May i clarify that the interview will be recorded for analytical purposes, and FAGE's responses would be identified.

Whilst appreciating your overwhelmingly busy schedule, I would implore your kindness in affording me a bit of your time for this all-important interaction. I am available to honour any appointment you would kindly grant me between the 11th and 23rd of October 2010 at any time and place convenient to your good-self.

Please find attached the interview guide. Many thanks in anticipation.

Yours Sincerely,

Albert Martins
London Metropolitan Universityh