

A review of SME export barriers: The case of Australian small and medium-sized exporters

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Abstract

There are only few studies that focus on the export underperformance of Australian SMEs. This study attempts to provide a better understanding of the export barriers that face the SME sector in Australia. Hence, this paper reviews the significance contribution of the SME sector to the Australian economy. In doing so, it is important to critically review the exiting literature related to the export barriers to identify the current gaps in the literature. The export marketing literature has been criticized for providing only “isolated, fragmented” results, and for not being able to develop a widely accepted model of export performance. Most of them adopted either an internal perspective (managerial and/or organizational factors) or an external one (environmental factors). Only a few studies have considered both groups simultaneously. Hence, this paper attempts to provide a more rounded analysis of the barriers to export performance including psychological factors. It proposes a number of hypotheses for Australian SMEs export performance related to various barriers to their development needs. Future research can be employed in testing these hypotheses using exploratory survey analysis to provide empirical results to the proposed hypotheses in this study.

1. Introduction

The backbone of the Australian economy is its dynamic small and medium sized enterprises (SMEs). They constituted 99.7 per cent of all Australian businesses in 2007 (small businesses alone made up 96 per cent of all businesses), and provided 67 per cent of all private non-agriculture sector jobs, 61 per cent of the nation’s total income, 64 per cent of business operating profit and 60 per cent of private industry value added in 2005-06 (ABS, 2007). However, their export performance remains disappointing. While they contributed the vast majority of exporters (almost 90 per cent of the total) exporting SMEs represented only two per cent of total Australian SMEs, and contributed only 7.3 per cent of total goods export revenue (worth \$1.2 billion) in 2006-07 (ABS, 2007). This compares poorly with a weighted average SME contribution of 25 per cent of total manufactured exports for OECD countries (OECD, 1997), and a weighted average contribution of about 35 per cent for non-OECD Asian countries (Hall, 1995).

The process of globalization, in which Australia has been an active participant, has presented export opportunities for large and small-medium enterprises alike, and been driven by many factors: reduced trade and non-trade barriers, improvements in information and communications technology, reduced transport costs and technological developments resulting in production discontinuities, product fragmentation and subcontracting by multinational corporations (MNCs). Many of these developments have benefited SMEs by reducing international trade transaction costs and presenting opportunities for engagement in the value-adding supply chains of MNCs.

There should be many export opportunities for Australia’s vibrant SMEs. Why then has their export performance been so disappointing? This study argues that SMEs’ poorer than expected export performance is due to a combination of enterprise internal resource constraints and entrepreneur psychological factors. No studies have yet tried to identify and compare the relative significance of internal resource constraints and psychological factors to explain Australia’s poor SME export performance. Hence, the main aim of this study is to propose various hypotheses that will facilitate a clearer understanding of key factors motivating or hindering the decision to export by Australian SMEs. The paper is structured as follows. Section 2 provides an overview of the Australian SMEs. This is followed by a review of the literature on the determinants of exports performance of SME sector and the key barriers that face. Section 3 presents the hypotheses of barriers to SMEs exporting. Section 6 gives a brief summary of the study and future research.

2. Background - Australian SME Exporters

There is no single definition of small and medium enterprise (SME) in Australia. Definitions of SME vary from one agency to the other and are based on employment or turnover. However, the most commonly adopted definition of SME is given by the Australian Bureau of Statistics (ABS) which defines SME as a business with fewer than 200 persons. In this definition, small enterprises include non-employing businesses and employing business with fewer than 20 persons while medium enterprises are those with employment of 20 to less than 200 persons.

SMEs account for the vast majority of Australian businesses. The share of SMEs has been consistent in the period from 2003 to 2009 accounting for over 99 per cent of the total number of businesses. At June 2009, there were 1,961,337 SMEs out of a total of 2,051,085 businesses in operation in Australia (ABS 2010d). Most Australian SMEs are small businesses which represented approximately 96 per cent of all SMEs in 2009.

Table 1: Australian Businesses: June 2003-June 2009

	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Non employing	1,210,725	1,155,278	1,156,326	1,171,832	1,236,999	1,230,282
Employing						
1 - 4	411,511	471,481	494,196	527,445	6,113	497,098
5 -19	206,342	225,447	227,373	228,313	83,610	233,957
20 -199	77,065	81,390	80,215	78,304	231,913	83,399
200+	5,474	5,675	5,797	5,876	513,154	6,349
Total SMEs	1,905,643	1,933,596	1,958,110	2,005,894	1,558,635	2,044,736
Total	1,911,117	1,939,271	1,963,907	2,011,770	2,071,789	2,051,085

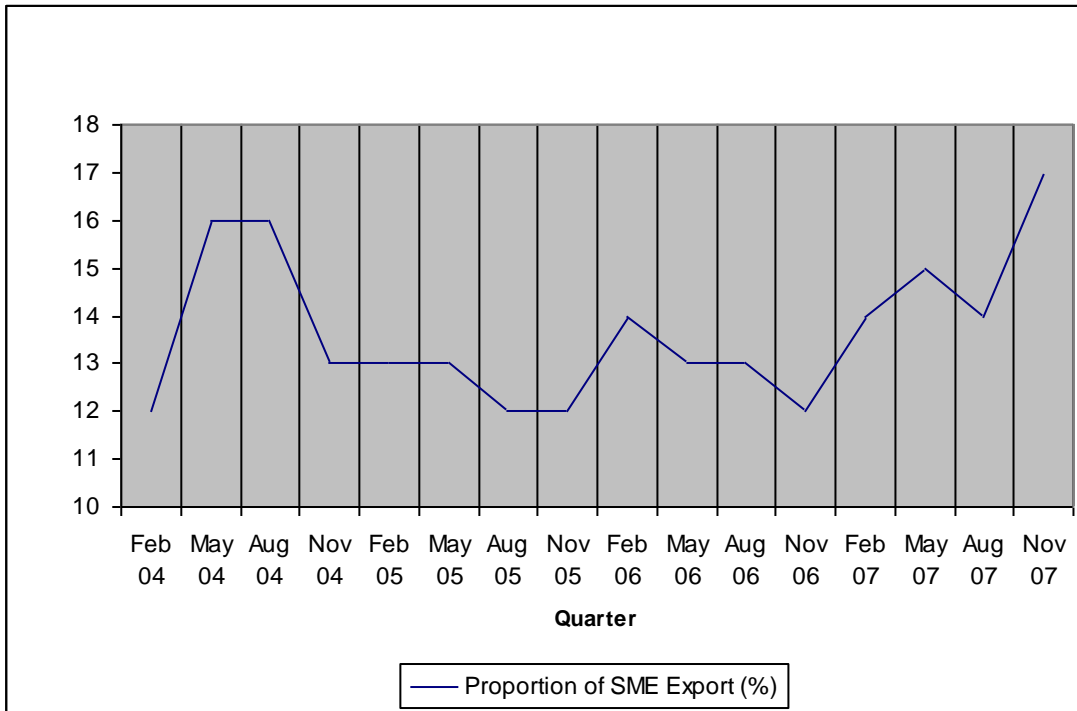
Source: Adapted from ABS (various years): Table 13

SMEs in Australia create jobs for a large number of people in the private sector. According to the Australian Bureau of Statistics (ABS 2010c), private SMEs (excluding finance and insurance businesses) provided jobs for 5.46 and 5.6 million people, accounting for 67.6 and 67.3 per cent of total private sector employment in 2005 and 2006 respectively. In the private non-agriculture sector, SMEs' shares were 65.7 per cent in 2005 and 65.3 per cent in 2006 of total employment (ABS 2007). In terms of output, SMEs' contribution has been quite stable in recent year. They contributed 61 per cent to total income, 64 per cent of operating profit and 60 per cent of industry value added of private sector Australian industry in both 2005 and 2006 (ABS 2007).

The latest figure shows that 45,581 Australian businesses exported goods and services in 2009 (ABS 2010d). This is a significant growth from 25,000 exporting businesses in 2001. However, the 2009 figure fell short of the target of the Government to have 50,000 Australian exporters by 2006. Of the total exporters, 43,259 were exporters of merchandise goods and 3,422 were exporters of services (ABS 2010d). Among the goods exporting businesses in 2008/09, there were 37,327 SMEs representing 83 percent of all goods exporting businesses and contributing 8 percent of the value of total goods exports (ABS 2010d). In the service sector it is reported that the export participation rate among Australian service firm is only 1.2 percent despite being the second largest service economy in Asia (Patterson 2004).

Sensis Business Index reported that 17 per cent of Australian SMEs exported in 2007 (Sensis various years). This is the highest level since 2004. It represents a strong growth from only 4 percent reported in 2000 (ABS 2000). The proportion of SMEs exports has been relatively stable since 2004 ranging from 12 percent to 17 percent (Figure 1). The growth of exporting SMEs is even more significant given the fact that the number of SMEs expands every year.

Figure 1: Trend in Proportion of Exporting SMEs: Quarterly, Feb 2004-Nov 2007

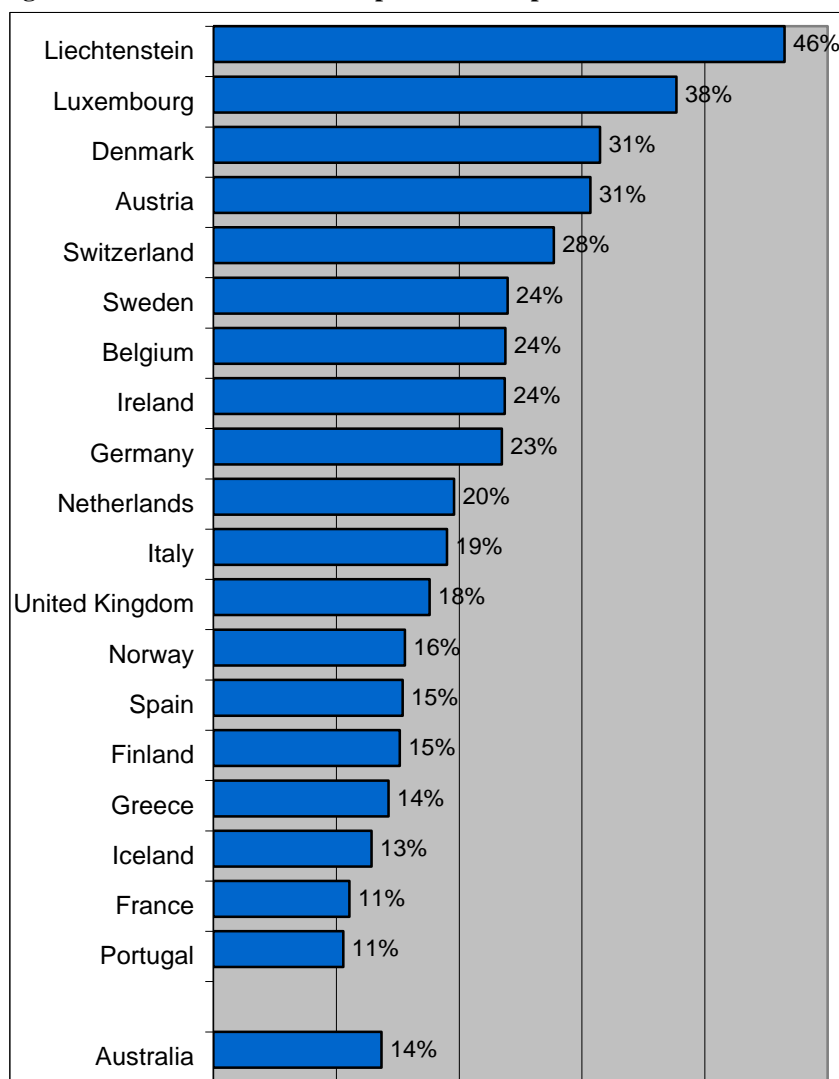


Source: Sensis Business Index - Small and Medium Enterprises (various years)

Nevertheless, the proportion of exporting SMEs in Australia is disappointingly low compared to other industrialised countries in the 1990s. Austrade used the 1999 figures and showed that the ratio of Australian SME exporters of 4 per cent was well below the level of most European countries which ranged from 68 per cent for Austria to 34 per cent for Spain (Austrade 2001). At that time the proportion of Australia's exporting SMEs was comparable with the United States (3 per cent) but was lower than Canada (15 per cent) (Austrade 2001).

Recent data suggest an improvement in the ratio of Australian exporting SMEs reaching the record level of 17 per cent in 2007. However, in comparison with figures for 19 European countries in 2003, Australia's average quarterly level in 2004-2007 was higher than three countries Iceland, France and Portugal, equalled to that of Greece and was lower than most other countries (see Figure 2) (European Commission 2004).

Figure 2: Share of SMEs with Export: 19 European Countries and Australia



Source: European Commission (2004) and Sensis (various years) for Australia

Note: Data for 19 European countries are in 2003 and Australia is quarterly average Feb 2004- Nov 2007

In terms of export value, SMEs make up of 25 percent of manufactured exports in OECD countries, and about 35 percent from the non-OECD Asian countries (Hall 1995).¹ Australian SMEs accounted for 5 percent of total goods export value in 2008/2009 (ABS 2010d). Clearly, export performance of Australian SMEs is poor in comparison with other developed countries. There is a common view that there is a great potential for Australian SMEs in export.

According to the statistics of ABS (ABS 2010b), despite the global financial crisis, Australia's export industry is still in good shape and continues to grow. The total number of businesses comprising the exporter community was 45,581 for 2008-2009 (ABS 2010c). This is marginally down on the 2007-08 number of 45,623, a drop that is believed to be due to a 4.3 percent decline in service exporters (ABS 2009). Despite the number of exporters decreased, the value of total goods and services exports grew by 23 percent from 2007-08 to 2008-09 (ABS 2010d).

According to the statistics of ABS (ABS 2010d), small and medium-sized businesses represented 86% of goods exporters by number and contributed less than 5 percent of the total value of goods exports. The Wholesale trade and manufacturing industries had the highest value of the SME goods

¹ Measured by weighted by GDP calculated as the sum of GDP multiplied by the percentage of exports multiplied by the percentage of direct SME exports expressed as a percentage of total exports. Only indicate statistics and data available.

exports in 2008-09 (ABS 2010d). New Zealand remains at the top favorite destination of Australian exporters regardless of a \$980 million fall in trade value. The United States came second; however, its trade value rose by \$998million. Singapore successfully ranked third in the ladder with growth in both numbers of exporters and trade value on the previous year. Following in the top 10 (in descending order) were China, Papua New Guinea, Malaysia, Japan and Fiji. The figures for China (in fourth place with 4,816 Australian exporters and a trade value of \$354million). This ranking appears to support an Austrade/Sensis survey that many SMEs are seeking to follow larger Australian blue chip companies such as Rio Tinto, ANZ and Woodside into this increasingly desirable market (Harcourt 2010).

Table 2: Number of Exporters by export destination

Country	No exporters 2007-08	No exporters 2008-09	Change No Exporters	Value (\$m) 2007-08	Value (\$m) 2008-09	Change (\$m) Value
New Zealand	17897	17079	-818	9529	8549	-980
USA	9186	9084	-102	10602	11600	998
Singapore	6566	6667	101	5226	5522	296
UK	5614	5210	-404	8309	11509	3200
Hong Kong	4918	5146	228	2838	3192	354
China	4495	4816	321	27034	39325	12291
PNG	4233	4313	80	1616	1611	-5
Malaysia	3537	3619	82	3426	3730	304
Japan	3424	3341	-83	34967	52768	17801
Fiji	3181	3168	-13	380	374	-6
Thailand	2851	2829	-22	4645	4951	306
Germany	2690	2823	133	1450	2197	747
Indonesia	2576	2623	47	3957	4295	338
Canada	2390	2300	-90	1620	1557	-63
UAE	2382	2720	338	3133	3604	471
South Korea	2233	2122	-111	14240	19274	5034
India	2119	2203	84	9328	15425	6097
Taiwan	2102	2137	35	6479	8126	1647
South Africa	2067	2104	37	2408	2056	-352
New Caledonia	1826	1826	0	359	345	-14

Source: Adapted from ABS (2010d): table 11

In the Australian Economic Indicators (ABS 2010a), the statistics showed that SME exporters have higher total sales, sales per employee, and value-added; pay higher average wages; and possess more assets than SME non-exporters. The SME exporters have also been in operation under current ownership longer and employ more staff than SME non-exporters. Despite the importance of export to Australian economy as outlined in a Austrade's paper (Austrade 2000), there are few studies about SMEs exports. The limited number studies about export of Australian SMEs held the low "intention to export" to 'tyranny of distance', protectionism until 1980s, and the type of goods exported (mineral and rural commodities) (Austrade 2001 ; Gittins 2002 ; OECD 1997). All of these factors have been improved greatly due to the increasingly globalised economy and application of internet and e-commerce in the last two decades. Most of the studies about export performance of Australian SMEs look at specific types of firm (such as family business or service firms) and issues (cultural factors, psychic distance, or managerial characteristics) (Brewer 2007 ; Gierczycki & Reid 1998 ; Graves & Thomas 2006). Although some studies mentioned psychological factors in passing

(Perry, Meredith & Cunnington 1988 ; Valos & Baker), there have not been any studies examining psychological factors and export performance of Australian SMEs to our knowledge.

3. A Review of the Literature

Exporting barriers

Studies which addressed the problem of exporting barriers continue to grow dramatically. As cited by Arteaga-Ortiz & Fernández-Ortiz (2010), Bilkey (see Bilkey 1978 ; Bilkey & Tesar 1977) is the first scholar to address these barriers. Over last four decades, despite the significant numbers, many studies have described only some of the potential barriers to exporting that the owner may have to deal with. A review of researches in the literature between 1998 and 2005 conducted by Sousa, Martínez-López & Coelho (2008) discovered as many as 40 different determinants of export performance. They emphasized that of the 40 different determinants of export performance, 31 were internal factors, and 9 were external factors. The internal factors that have attracted most research attention were the product strategy variables, followed by price, promotion and distribution. Firm-specific variables (such as size, international experience) were also widely used as determinants of export performance. Overall, these findings were consistent with those of previous reviews in the previous decades (review for the period 1978-1988 by Aaby and Slater 1989 cited in Arteaga-Ortiz & Fernández-Ortiz 2010, and review for the period 1987-1997 by Zou and Stan 1998). A review of Arteaga-Ortiz & Fernández-Ortiz (Arteaga-Ortiz & Fernández-Ortiz:938) revealed the “huge disparity in barriers” identified in existing research works.

A lack of consensus on the number of underlying factors and the content of each factor are explained as the reasons of so much different lists of exporting barriers and a failure to integrate the results obtained from previous studies (Arteaga-Ortiz & Fernández-Ortiz 2010). Not surprisingly, the current literature on export performance is criticised as “too isolated, fragmented, scattered” (Leonidou 2004) and “fragmented, diverse, and inconsistent” (Sousa, Martínez-López & Coelho). In the efforts to standardise the measurement scale of exporting barriers, Arteaga-Ortiz and Fernandez-Ortiz (2010) used structural equation modelling to propose a four theoretical dimensions, namely, knowledge, resources, procedure and exogenous barriers, as shown in the Figure 3 below.

Proposed scale of barrier to exports (26 items)		Proposed scale of barrier to exports (26 items)			
Confirmatory factor analysis of barriers		Knowledge	Lack of knowledge of potential export markets	Procedure (cont'd)	Cultural differences
			Lack of staff for export planning		Tariff barriers to exports
			Lack of knowledge of export assistance programs		Nontariff barriers related to the standardization and homologation of the product, or health, phytosanitary or similar barriers
			Ignorance of the financial and nonfinancial benefits that exporting can generate		Differences in product usages in foreign markets
			General lack of knowledge of how to export		Cost of adapting the product to the foreign market
			Lack of information about opportunities for your products/services abroad		Logistical difficulties
					Locating a suitable distributor or distribution channels
		Exogenous	Barriers	Resources	High financial cost of the means of payment used in international operations
			Strong overseas competition		Lack of resources to face the period of time needed to recover export-related investments
			High value of the euro		Insufficient production capacity in your firm
			Risk from variation of the exchange rates		Lack of local banks with adequate international expertise
			Risk of losing money by selling abroad		Inadequate foreign network of the banks you work with
			Political instability in the destination country		
Procedure	Transportation costs and shipping arrangements				
	Documentation and red tape required for the export operation				
	Language differences				

Source: Adapted Arteaga-Ortiz and Fernandez-Ortiz (2010)

Determinants of Export Performance

Studies on the determinants of export performance of small and medium enterprises are burgeoning in the literature in the recent decades due to increasing globalisation and importance of SMEs. Nevertheless, there is a lack of agreement on the relevant determinants of export performance with hundreds of names used to describe a diverse set of independent variables (Sousa, Martínez-López & Coelho 2008; Wheeler, Ibeh & Dimitratos 2008 ; Zou & Stan 1998). No general agreement has been reached in the international business literature regarding which are the relevant determinants of export performance and their measurements (Sousa, Martínez-López & Coelho 2008; Wheeler, Ibeh & Dimitratos 2008 ; Zou & Stan 1998). Leonidou (2004) observed a number of deficiencies in research about the obstacles to export of small business: (i) it is too isolated, scattered and thus creating confusion as to the real inhibiting effect of barriers on export behaviour; (ii) it provides only a partial examination of export barriers, in many cases neglecting a plethora of other important barriers with a serious effect on export development; and (iii) it does offer a detailed understanding of the specific nature and relative impact of each barrier on exporting.

Nevertheless, in the literature about small business export, it has been acknowledged that export performance determinants should be assessed at two main levels. They include internal factors and external environment barriers (Cavusgil & Zou 1994; Leonidou 1995, 2004; Sousa, Martínez-López & Coelho 2008). The internal forces include firm and product characteristics while external forces involve industry characteristics and export market characteristics (Cavusgil & Zou 1994). Leonidou (2004) reviewed the empirical studies conducted from 1960-2000 and also classified export barriers of small business into internal barriers (informational, functional and marketing barriers) and external barriers (procedural, governmental, task and environmental barriers). In a review of the empirical literature between 1987 to 1997 on determinants of export performance, Zou and Stan (1998) identified 33 independent factors with direct influence on export performance. Similarly,

Leonidou (2004) extracted 39 export barriers from a review of 32 empirical studies in the 1960-2000 period.

Obviously, obstacles will differ among exporters, non-exporters, and exporters, not only in terms of reflecting real or perceived problems, but also with regards to their type of severity (Leonidou 1995:32). A survey conducted by OECD found that inactive exporters see barriers in identifying foreign customers, markets and opportunities while active exporters see barriers on tariffs, currency, regulation and competition (OECD and APEC 2007). This is consistent with the results of Pinho and Martin (2010). They found that perceived barriers are different from the view of non-exporters and the exporters. Non-exporters considered the lack of knowledge of potential markets, lack of qualified export personnel, lack of technical suitability, degree of competition in the sector, lack of financial assistance (governmental and financial institutions), and lack of qualified human resources as the main export barriers. By comparison, exporters perceived warehousing and control of the physical product flow in the target market to be the biggest barrier (Pinho & Martins 2010).

Managerial Determinants

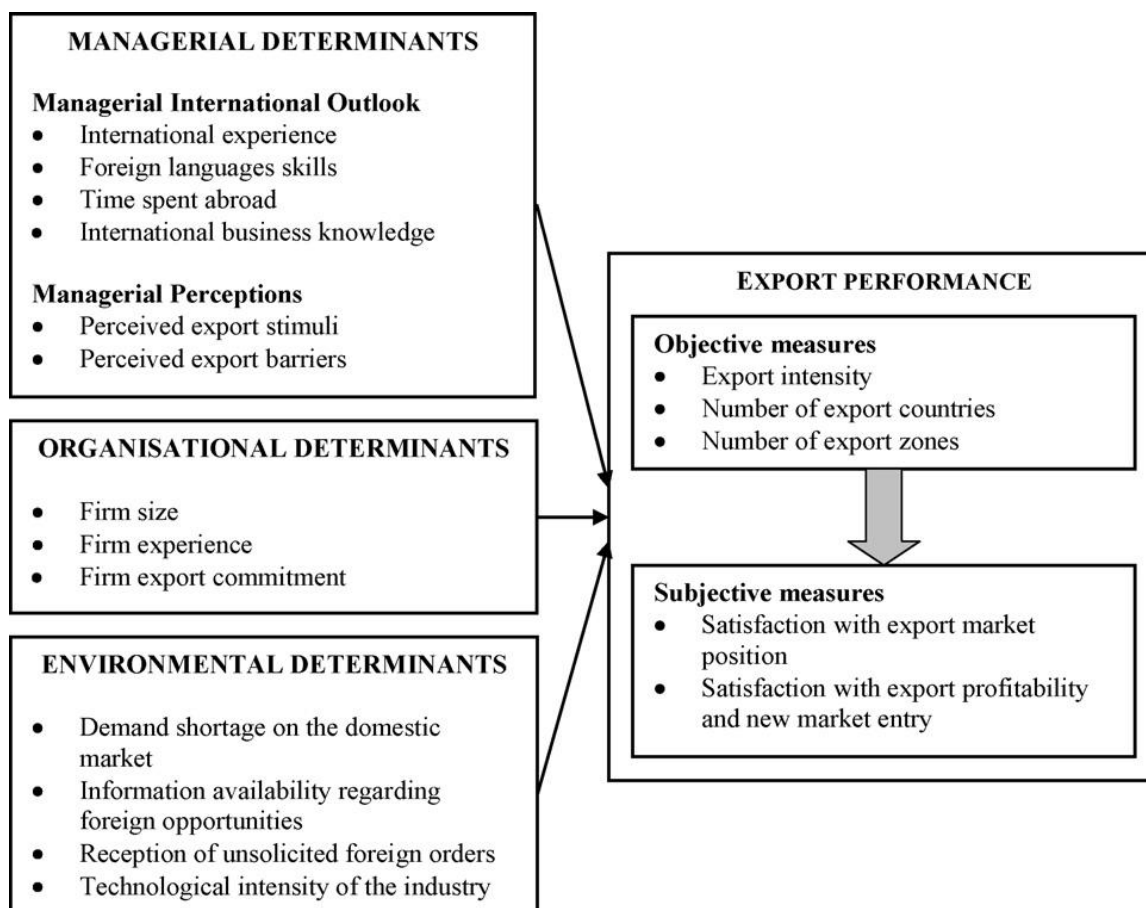
In the smaller firm the owner/manager's decision is important in export activities of the firm. It was found in a study in the US that firms whose decision makers are rather incompetent and who exhibit a risk aversion attitude and domestic oriented behaviour are very likely to perceive export obstacles in a more intense and severe manner compared to firms with capable, risk taking, and foreign oriented managers (Bilkey & Tesar 1977 ; as cited by Leonidou 1995). This is also confirmed in a recent study of craft micro-enterprises in the UK and Ireland (Fillis 2000). When reviewing the empirical studies, Zou and Stan (1998) found that the most important sets of determinants of export performance are export marketing strategy, management attitudes and perceptions. According to this view, export performance is under the control of the firm and its management (Zou & Stan 1998:345).

A reviewed of empirical literature related to managerial influences on exporting found that certain managerial characteristics are important. They include decision's maker's educational background, cultural background, language proficiency, and experience abroad. Managerial perceptions of risk, costs, and profits in overseas markets also have a strong association with exporting. The general subjective managerial characteristics, including risk tolerance, innovativeness, flexibility, commitment, and quality and dynamism, are less studied. However, this set of characteristics consistently demonstrated a strong association with propensity to export (Leonidou, Katsikeas & Piercy 1998).

Another recent research was conducted by (Stoian, Rialp & Rialp 2010b) provided a picture of the export performance determinants of Spanish small and medium-sized enterprises (SMEs). Based on resource-based view of the firm, Stoian et al. (2010a) proposed the conceptual model using regression analysis and structural equation modelling. The study found that managerial foreign language skills and international business knowledge, firm's export commitment as well as the technological intensity of the industry are the most influencing antecedents of export performance by jointly studying the influence of internal (managerial and organisational) and external (environmental) antecedents as well as responding to recent calls for research in the international business literature by investigating the potential relationship existing between objective and subjective (perceptual) measures of export performance. A strong positive relationship is observed between the objective and subjective export performance measures. There are few limitations of the study should be considered. Firstly, although the empirical data focused on a sample of 146 Spanish SMEs, the findings could be of interest to firms in other Southern European countries. However, the readers should exercise caution in attempting to generalise this study's findings to considerably different economic settings. As future research directions it would be interesting to replicate similar

studies in distinct geographical contexts, so, the results could be generalised to larger populations. Secondly, the study was centred on a cross sectional research design, thus, no longitudinal analysis was performed. Future studies should consider employing longitudinal analysis in order to illustrate the dynamics of exporting. In this way, complex constructs such as export performance could be analysed from a temporal perspective, allowing for the investigation of composite cause–effect relationships between its objective and subjective dimensions. Thirdly, it may also be advisable to carry out similar investigations within various industries, as well as to differentiate the results obtained according to the specific overseas markets served. Consequently, the formulation of pertinent comparisons would be possible, highlighting the differences identified regarding the impact of the managerial, organisational and environmental determinants on export performance or the relationship between the objective and subjective export performance assessment modes in distinct manufacturing and service sectors and/or socio-economic settings. Finally, other determinants of export performance could be taken into consideration (e.g., the technological, organisational and social/relational capital and the international marketing strategy of the firm).

Figure 4: Conceptual model of export performance by Stoian, Rialp & Rialp (2010a)



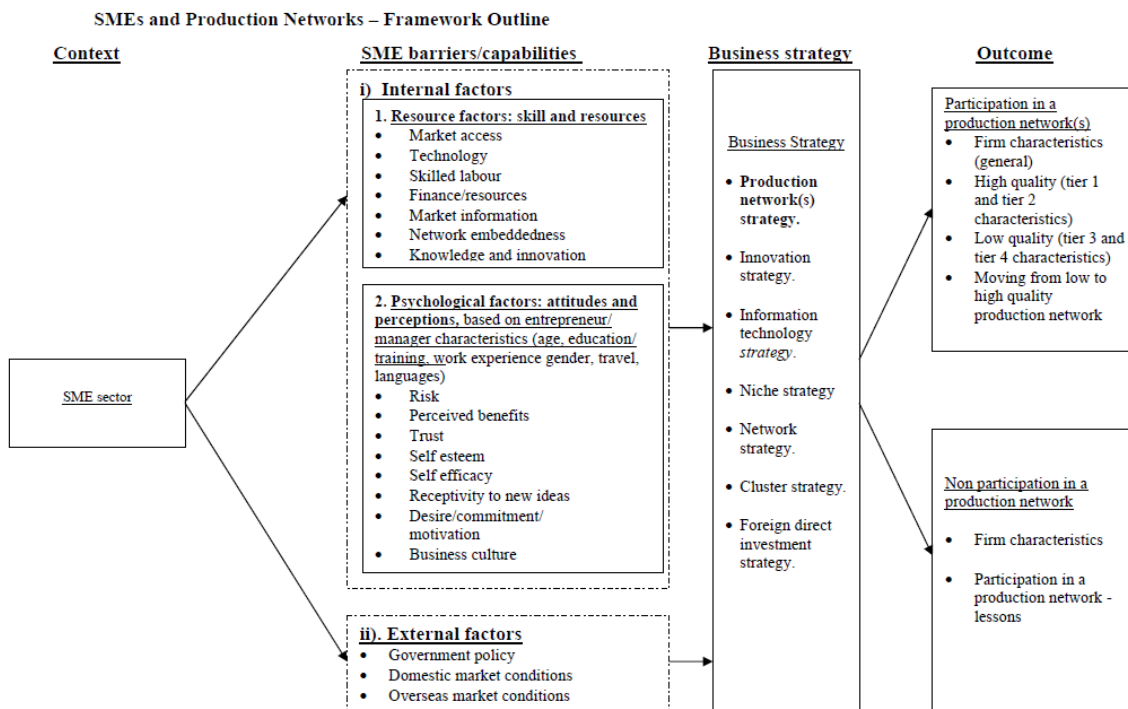
Source: Stoian et al. (2010)

Psychological Factors/Characteristics and Firm Performance

- It has been observed that economists have been sceptical about psychological concepts and measures but they regularly use individual measurements (Krauss et al. 2005). Recently, the performance and success of small firms have been increasingly examined from a psychological perspective (Frese, Brantjes & Hoorn 2002; Krauss et al. 2005; Rauch & Frese 2007). Frese et al. (2002:260) argued that a psychological perspective is warranted for several reasons. First the main actor in a small business is usually the founder and owner who manage it daily. Second,

strategy process characteristics have direct effect on actions required for success. Third, psychological issues need to be considered once strategy process became important. Additionally, Harvie (2010) has developed a theoretical framework that incorporated both resource based factors and psychological factors that can be used to investigate SME barriers to exporting, and to measure the importance of each of these factors in determining SME export achievement.

Figure 5: Conceptual model of SMEs and Production networks



Source: (Harvie 2010:48)

Perry, Meredith & Cunnington (1988) suggested that except agreement about the positive effects of the needs for achievement upon growth, it is “a long way to go towards refining methods of identifying characteristics of successful entrepreneurs”. Perry, Meredith & Cunnington (1988) also argued that there will be no “one suit all” approach for all industries or all stages of the business life cycle.

An individual-based psychological perspective of entrepreneurial orientation (EO) entails affective (e.g. enjoying risky situations), cognitive (e.g. accurate risk analysis), and behavioural (acting in a risky way) components. Empirical evidences also show that the key operational dimensions of EO – autonomy, innovativeness, risk taking, proactiveness, and competitive aggressiveness – as described by Lumpkin and Dess (1996) are positively related to success (Frese, Brantjes & Hoorn 2002). The reactive strategy or reluctant posture (e.g. the receipt of fortuitous foreign orders) that appears to characterises the export initiation process in the mainstream exporting literature (Ibeh 2003:51) is found to be related to non-success (Frese, Brantjes & Hoorn 2002). In a study of success among small business owners in southern Africa, Krauss et al. (2005) add learning and achievement orientation to the above five key components of EO in their psychological model

It has been observed that the literature about barriers to exporting in SMEs identified several psychological barriers. They include the perceptions concerning the costs, risks and profitability of exporting including an ethnocentric rather than geocentric orientation; short rather than long-term

perspectives; the view that exporting is too risky, "not for us", "too much trouble", "someone else's problem" (Hamill & Gregory 1997).

In a study of perceptions of Australian service firms' attitude toward exporting Patterson (2004) found that perceived barriers or hindrances, the perceptions of the benefits of exporting, and managers education are the construct group that differentiate exporters and non-exporters. Among them perceptions of the benefits of exporting is the single most powerful variable discriminating the two groups. The study found that firm capabilities and characteristics as well as competitive environment are not useful in discriminating exporters and non-exporters. Instead, managers' beliefs about the costs, benefits and barriers account for the majority of the power in distinguishing between two groups (Patterson 2004:29).

4. The Proposed Hypotheses of Barriers to SME Exporting

The export marketing literature has been criticized for providing only "isolated, fragmented" results, and for not being able to develop a widely accepted model of export performance. During the last four decades, numerous studies have related one or multiple of the determinants to export performance. Most of them adopted either an internal perspective (managerial and/or organizational factors) or an external one (environmental factors).

From the review of literature above a number of hypotheses could be proposed for Australian SMEs export performance with regards to psychological barriers:

1. There is a positive relationship between the owner/manager's risk taking behaviour and SME export performance
2. There is a positive relationship between trust with foreign customers and export performance
3. There is a positive relationship between self-efficacy and export performance
4. There is a positive relationship between proactiveness and export performance
5. There is a positive relationship between the competitive aggressiveness and export performance
6. There is a positive relationship between favourable perception of firm's competitiveness and export performance
7. There is a positive relationship between favourable perception of benefits and export performance
8. There is a positive relationship between the owner/manager's achievement orientation and export performance.
9. There is a positive relationship between the owner/manager's innovativeness and export performance.
10. There is positive relationship between the owner/manager's flexibility and export performance.
11. There is positive relationship between the owner/manager's commitment and export performance.
12. There is a positive relationship between the owner/manager's autonomy orientation and export performance.
13. There is a positive relationship between actively network relationships development and export performance.

As shown above, these hypotheses have emphasised many psychological factors related to the owner/manager and exports performance of SMEs. These have not been addressed in previous studies.

In this proposed framework, psychological factors, along with resource factors, are given particular emphasis in explaining export barriers for SMEs. Based upon the contributions to the literature this study emphasises a number of psychological factors in the decision to export, including entrepreneur/manager/firm attitude towards: risk, benefits from exporting, trust, self-efficacy, risk taking behaviour commitment and motivation towards exporting, as well as the overall business culture of the enterprise. Internal resources and psychological factors are seen as combining to contribute to overall export barriers for SMEs. Together they will determine the business strategy adopted by the enterprise, with this ultimately determining the decision to export or not.

Summary and Future Studies

As discussed in this study, the contribution of SMEs to the Australian economy is significant and growing. SMEs account for the vast majority of Australian businesses. The share of SMEs has been consistent in the period from 2003 to 2009 accounting for over 99 per cent of the total number of businesses. At June 2009, there were 1,961,337 SMEs out of a total of 2,051,085 businesses in operation in Australia (ABS 2010d). Most Australian SMEs are small businesses which represented approximately 96 per cent of all SMEs in 2009.

However, their low export intensity (at two per cent exporting SMEs as a proportion of all SMEs) remains a national concern, despite increased global economic integration of the Australian economy and the market opportunities arising from this. The full benefits of exporting cannot be achieved unless there is a substantial increase in the number of participating enterprises, and the majority of these will be SMEs.

Since there are only few studies have examined in depth the export underperformance of Australian SMEs. This study provided a better understanding of the export barriers which contribute to the export underperformance of Australia's SME sector. This study proposed a number of hypotheses which is considered to be the first to incorporate internal resource factors and psychological factors to explain SME export underperformance.

Future studies will be employed to test the significance of the underlying hypotheses derivable from the existing theory, and identify the importance, both absolutely and relatively, of internal resource and psychological factors in the SME export decision. This future finding may provide the Australian government with clear and robust findings on the major export barriers among Australian SMEs (exporters, potential exporters and non-exporters).

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