Factors Impacting the Export Performance of SMEs: An Exploratory Developing Country Study

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ABSTRACT

While the ratio (29.5%) of SME exports to GDP in Zimbabwe seems to be respectable, this is very low compared to sub-Saharan countries such as Botswana (55.1%), Angola (55.8%), Swaziland (56.3%), etc. The current export performance of SMEs provides clear justification for re-thinking the export marketing strategies of agro-based industries in Zimbabwe. Since the literature highlights that for export firms to perform better in the dynamic global environment, they need to develop 'market-driven' strategies, this study explores the relationship between market driven strategies and the export performance of select manufacturing SMEs in Zimbabwe. It was ascertained the two main strategies adopted by SMEs to enhance their export performance were niche focus strategy and export industrial clusters, and these are also supported by the policy-makers and export analysts. In summary, from regression and correlation analysis of the data collected from a convenience stratified sample of 332 SME owner-managers, four policy-makers and four export analysts, it was ascertained that various internal (customer focus, organizational capability and cross-functional co-operation), and external (market characteristics, industry characteristics, technology and market turbulence) factors impact the export performance of manufacturing SMEs, albeit some not significantly. SME owner-managers should therefore embed customer value, by producing products which project customer values namely, experiential, symbolic, and sacrifice value, which will positively influence the export performance of SMEs. SME owner-managers should also create vibrant teams with diverse expertise which will boost exports, and a nurture a sustainable export competitive advantage for SMEs.

Keywords: SMEs, Zimbabwe, Marketing, Exporting.

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Highlights of this paper

- This study explores the relationship between market driven strategies and the export performance of select manufacturing SMEs in Zimbabwe.
- This study recommends that the SME owner-managers should attempt to create vibrant teams with diverse expertise that create an enabling environment to boost exports, hence resulting in sustainable export competitive advantage of SMEs.

1. INTRODUCTION

Zimbabwe is an agro-based economy which relies heavily on exports of processed food, particularly those from SMEs (RBZ, 2015). The 21st century has brought about globalisation where national boundaries are removed and companies trade with one another easily (Powell, 2015) and the increase in globalisation requires companies to not only produce and export products that are innovative, low priced and meet international standards, but develop strategies which incorporate understanding of the antecedents of export performance (Fariza, 2012). Some researchers (Chingwaru and Jakata, 2015; Kahiya, 2015) argue that the route to economic growth runs through export development, given that export is factored into the generic equation for calculating gross domestic product (GDP). While the ratio of 29.5% of exports to GDP in Zimbabwe seems to be respectable, this is very low compared to sub-Saharan countries such as Botswana (55.1%), Angola (55.8%), Swaziland (56.3%), Zambia (41.9%), Ghana (42.2%) and Congo Republic (76.5%) (Kahiya, 2015).

According to Abdolvand et al. (2016) “export performance is perceived as one of the success indicators of a firm,” and while a number of studies have been conducted to explain export performance and its antecedents, there has been no generally accepted conceptualisation (Chen et al., 2016). Papadopoulos and Martin (2010) argue that export performance is the outcome derived from an international firm’s operations, whereas (Navarro et al., 2010) state that export performance is the ability of a firm to achieve its stated objectives when it exports its products to foreign markets. However Chen et al. (2016) argues that, “export performance is the outcome of a firm’s activities in the export market” and this is the adopted view of the researchers.

Given the above, this study will focus on export strategy as an internal determinants of export performance of SMEs in the manufacturing sector in Zimbabwe, with specific reference to market-driven export marketing strategies. The aim of this study (on which this paper is written), is to examine the relationship between the determinants of export strategy and the export marketing performance of SMEs in Zimbabwe which export processed foods, textiles and leather products. Although there are several internal and external factors that affect the export performance of SMEs (Carneiro et al., 2011; Beleska-Spasova, 2014) this paper focuses only on the market-driven strategies, since some researchers (Ibeh, 2010; Spirig, 2011) highlight that adopting market driven strategies is perceived as a vehicle to growth and heightened profitability for SMEs. Spirig (2011) highlights that adopting a market-driven approach entails “strategizing on how to deliver superior value to the customer”.

2. LITERATURE REVIEW

A number of studies (Kumar and Ali, 2011; Abdolvand et al., 2016; Chen et al., 2016) have been conducted to determine the antecedents of export performance. Maurel (2009) categorised the antecedents of export performance as internal variables and external variables. Internal variables include the firm’s characteristics which include firm size, export experience, product diversification offer; management characteristics such as export orientation and entrepreneurship; technological resources such as innovation and creativity are also considered; and export strategy which include marketing strategy, relationship with partners, product adaptation, geographical diversification or concentration and niche strategy. On the other hand external antecedents include those that relate to environment such as legal environment, cultural environment and financial environment. Furthermore industrial export
determinants are also a key driver in determining export performance and these include concentration, export barriers and clusters respectively (Maurel, 2009).

2.1. Internal Influences: Customer Focus, Organizational Capability and Cross-Functional Co-Operation

Tajeddini et al. (2013) argue that, customer focus requires firms to continuously update and improve the entire processes associated with improving the welfare of the customer and since customer needs are continuously changing due to the dynamic environment, processes and products to meet those customer needs have to change. The benefits accruing from customer focus have been reported to be increase in firm performance and cost related benefits (Anaza and Rutherford, 2012; Alam, 2013).

Organisational capability is also a market-driven strategy which is premised on “identifying an organisation’s distinctive capabilities” (Spirig, 2011) which capabilities can be defined as “complex bundles of skills and accumulated knowledge, exercised through organizational processes that enable firms to coordinate activities and make use of their assets (Andrews et al., 2015). Certain types of resources (tangible and intangible capabilities) owned and controlled by the firm have the promise to generate competitive advantages, which eventually lead to superior firm performance (Barney et al., 2011).

McCarthy et al. (2010) argues that, intellectual market based assets are also types of knowledge a firm possesses about its competitive environment which also enables the firm to sense and predict the future moves of its competitors. The aforementioned researcher however argues that SMEs have a major strategic informational problem, and thus (Kohli and Jaworski, 1990) propose that such opportunism is aided by market orientation which advocates for systematic acquisition, dissemination and use of information to guide strategy development and implementation.

Although to achieve optimum export performance there is need to match between customer value and organisational capability, Ngugi et al. (2010) argue that, SMEs in developing countries may not be able to match customer value and organisational capability due to the nature of their size and resource constraint. Thus, the aforementioned researchers assert that SMEs are compelled to have networks, relationships, partnerships and strategic alliances with larger organisations in order to develop their capabilities. Ngugi et al. (2010) argue that, “through co-creation, resources of companies can be combined and new combinations of capabilities are developed to better satisfy customer value, and this will enable SMEs to operate effectively in meeting market and customer demands, thus increasing their export performance.

Blindenbach-Driessen (2015) states that cross functional teams are groups formed with the intentions of jointly working together in developing opportunities that require diverse expertise and include personnel from different functions. Daspit et al. (2013) highlight that for cross functional teams (CFT) to improve organisational performance, group members must share leadership roles and there is need for a positive internal environment to generate cohesion among members.

2.2. External Influences: Market Characteristics, Industry Characteristics, Technology and Market Turbulence

Recent evidence suggest that “the understanding of external influences on export performance enables an organization to choose the appropriate strategy or strategies that fit the trend in the external business environment” (Uzoma et al., 2014). The external influences on export performance are categorised into two namely, market characteristics and industry characteristic (Beleska-Spasova, 2014). Market characteristics such as legal and political, cultural similarity, market competitiveness, environmental hostility/turbulence, economic similarity, channel accessibility and customer exposure have greater influence on SMEs export performance, while on the
other hand industry characteristics namely, technological intensity and perceived competition are also deemed to have an effect on export performance (Beleska-Śpasova, 2014).

2.3. Market Characteristics

According to Hashem and Irshaidat (2014) "Political involvement refers to the governmental intercession in the development and implementation of public policy", and the political and legal environment posed by host governments have a negative bearing on export performance of a firm as ruling government can impose some restrictions which affect the competitiveness of the company (Gul et al., 2011; Uzoma et al., 2014). Al Khattab et al. (2012) and Sorokina (2012) highlight that political volatility, public attitudes against the exporting country or against the product, exert unfair pressure on export performance, and thus must be considered when formulating a strategy of a firm.

It has been argued that “the relationship between organizational culture and firm performance is mixed” (Pratono and Mahmood, 2014) and Hollensen (2010) highlights that there are several factors of socio cultural environment which affect exporting businesses. Czinkota and Ronkainen (2010) affirms that it is crucial to have knowledge about your partner’s manners and customs to facilitate business negotiations, since “business culture differs in every country and therefore each country has its own ways of making correct interpretations of what is being negotiated and recognising that a business contract has been concluded” (Sorokina, 2012).

Contrary to the above, Slater et al. (2011) showed that there is no significant relationship between firm culture and firm performance, and Uzkurt et al. (2013) also showed that there is an insignificant relationship between organizational culture and firm performance. However, a number of scholars notably Hollensen (2010); Czinkota and Ronkainen (2010); Sorokina (2012); Pratono and Mahmood (2014) affirm that there is indeed a significant relationship between culture and firm export performance.

Some earlier researchers (Gros, 1987; De Grauwe and Verfaille, 1988; Bini-Smaghi, 1991) concluded that an increase in exchange rate volatility can have an adverse effect on export performance. Alternatively, Oliver (2013) argues that "an increase in foreign exchange fluctuations can create profit opportunities for exports if firms in a sector can protect themselves against negative effects of foreign exchange rate fluctuations by hedging or if they have the ability to adjust trade volumes to movements in the exchange rate”. However, Kantox (2013) notes that “many cash-strapped SMEs may find it difficult to meet the collateral involved in hedging, as this tends to consume scarce working capital”. Critics have also called into question the appropriateness of hedging mechanisms on SMEs export performance as these firms are small and they lack foresight in the timing and volume of foreign exchange transactions (Auboin and Ruta, 2011).

2.4. Industry Characteristics

Abraham and Hove (2010) show that competition has a negative effect on the export performance of a firm as it reduces export sales volume and as a result companies which export a variety of goods will be forced to streamline and focus on their core competence. Similarly, Liu (2010) confirms that import competition forces firms to drop peripheral products and re-focus on core production. Grandinetti and Mason (2012) highlight that firms that survive under cutthroat competition are those that form strategic networks with foreign companies. According to Ricci and Trionfetti (2012) “firms are more likely to export if they benefit from foreign networks (ownership and financial linkages), domestic networks (chamber of commerce, links to regulation), and communication networks (E-mail, internet)”. The aforementioned researchers argue that “foreign network connection reduces fixed exporting costs (the cost of acquiring knowledge about foreign suppliers, foreign consumers, foreign business and regulation
practices, and the cultural environment in general) thereby increasing the probability of exporting”. Grandinetti and Mason (2012) affirms that there is a positive effect of export performance in companies that network as this enables them to share information and knowledge with other foreign companies through joint ventures and FDI.

According to Garg and De (2012) “the resource based and dynamic capabilities perspectives also suggest that network partnerships are important to many small firms as they provide important social capital. The aforementioned researchers argue that “these partnerships may be especially important in the emerging markets as they enable firms with relatively weak internal resources especially SMEs to access complementary resources and capabilities within the wider network”. Monteiro (2013) argues that “firms with foreign ties have better export performance as they are in a better position to mobilise resources”. Furthermore, recent evidence from Chugan and Singh (2015) suggested that “the SMEs benefit from clustering in the form of linkages, common supply chain network, labour pooling, information and knowledge sharing, and this acts as a competitive advantage for firms to improve their export performance in environments which are prone to competition”. However, Garg and De (2012) argue that “in emerging markets, SMEs typically lack relevant embeddedness in international social networks of firms, and rely on social contacts of its owners/managers, which may not be sufficient for establishment of appropriate partnerships with other firms and might prove to be an impediment to its competitiveness”.

2.5. Technology

According to Uzoma et al. (2014) technology based on marketing principles refers to “innovation which has to do with the development of new technologies”. Yoganandan et al. (2013) argue that “the quality of final product is determined by various factors especially two factors that contribute maximum are raw material and machine (technology)”. Taneja (2012) argues that the firms’ performance is largely dependent on its ability to afford and access to technology. Kongmanila and Takahashi (2009) provide evidence that product and production innovations are important factors in determining export performance, thus enhancing firm’s profitability. Furthermore Yoganandan et al. (2013) found out that “there is a positive relationship between information technology and firms ability to achieve greater flexibility in their operations and to manufacture international quality products”. Beltramello et al. (2012) highlight that “emerging countries gain large shares of world exports in high and medium-high technology industries”. Notably, another research done by Wierts et al. (2014) concludes that “technology seems to be increasingly important in determining export performance in world markets”.

According to Chantanaphant et al. (2011) "the technological capability of SMEs has been regarded as an important strategic resource, enabling them to achieve competitive advantage within their industry”. The aforementioned researchers argue that “the development of technological capability by SMEs is crucial for them to overcome the fast-changing and fiercely competitive global markets”.

Although a number of studies have been conducted on the impact of technological capability on SMEs export performance in emerging countries, “most of these studies emphasised on the development of technological capability at industry level, thus the development of technological capability at the firm level is not fully researched” (Chantanaphant et al., 2011). Uzoma et al. (2014) argue that it is the ability of a firm to use new technology to innovate products that enables a firm to be competitive in the global markets. Recent evidence was found by Love and Roper (2015) that “SMEs which have prior innovation experience are more likely to export, more likely to export successfully and more likely to generate growth from exporting than non-innovating firms”. The aforementioned researchers argue that innovation through the use of technology in SMEs actually occur without the formal R&D and the knowledge on how SMEs carry out innovation activities remain limited causing a significant bias in the treatment of the R&D innovation relationship.
2.6. Market Turbulence

According to AL-Nuiami et al. (2014) “environmental turbulence refers to rapid, unexpected change in the organization’s environmental sub dimensions such as technology, customers, competitors, government regulations and new product launches.” As noted by Lisboa et al. (2013) “in dynamic markets, customer needs shift rapidly and it is difficult to predict such changes, while in stable markets customer preferences do not change a lot and any changes are fairly predictable and certain.” According to Sundqvist et al. (2012) environmental turbulence have a negative impact on export performance as it poses challenges to firms that export especially when they cross the border. Many authors (Pérez-Luño et al., 2011; Lisboa et al., 2013; AL-Nuiami et al., 2014) have found empirical evidence arguing that turbulent environments affect export performance. For example, environmental dynamism characterized by a high rate of change and newness as well as the unpredictability of the actions of competitors and customers, have a negative effect on export performance, thus firms which survive under such circumstances are those that introduce an array of products to meet the constantly changing needs of customers (Pérez-Luño et al., 2011).

Stoian et al. (2011) argue that the success of a firm under market turbulence lies most in its ability to look for customer and competitor information in the export market that could decrease the uncertainty of the environment. Samson and Mahmood (2015) propose that “SME firms should align with environmental conditions in order to realize superior export performance”. Notably, Jalali (2012) highlights that innovation is considered the most effective strategy for SME’s to deal with the turbulent environmental condition and enhance their export performance. Boso et al. (2012) argued that it is only through adopting an entrepreneurial orientations that exporting firms can effectively deal with prevalent forces in turbulent, hostile and dynamic export market. Although several scholars have argued that environmental turbulence have a negative effect on export performance, Samson and Mahmood (2015) proposes that “turbulent environment where demand regularly shift, opportunities turn out to be plentiful and performance level is expected to be at peak for firms that have special orientation in chasing after new opportunities since they possess a good fit/match between their orientation’s strategy and the external environment”. Other scholars (Arteaga and Fernández, 2010; Fariza, 2012; Kazimoto, 2014) have categorised these factors affecting export performance as barriers to export marketing.

In light of the brief literature review, this exploratory was conducted to examine the relationship between:

- customer focus (CF) and the export performance (SEP) of SMEs;
- distinctive capabilities (DC) and the export performance (SEP) of SMEs;
- customer value (CV) and the export performance (SEP) of SMEs;
- cross-functional cooperation and involvement (CFCI) and the export performance (SEP) of SMEs;
- export market characteristics (EMC) is related to the export performance (SEP) of SMEs;
- industry characteristics (IC) and the export performance (SEP) of SMEs; and
- export marketing barriers (EMB) and the export performance (SEP) of SMEs

3. METHOD

3.1. Sample

The SEDCO (2014) definition of an SME was adopted in this study, which was “an enterprise employing not more than 75 people and with a fixed asset base not exceeding US$500000.” A sample was drawn from the population from each exporting segment using (Krejcie and Morgan, 1970) model. Samples were drawn at a 95% confidence level and a 5.0% margin of error, as these are acceptable levels in a research (The Research Advisors, 2006). The sample was
stratified as follows: leather 44, food processing 132, textiles 169 his in total resulted in having a sample size of 350 respondents out of a population of 558, which represented 37% of the total population of export manufacturing SMEs in Harare and falls within the acceptable limits (Ibrahim, 2014). The sample was selected from companies are based in Harare, the capital city, as recent evidence suggests that, “Harare city would give diverse responses relatively large enough to be representative of the national views” (Chingwaru and Jakata, 2015).

In addition, to the above, four (4) Policy Makers and four (4) Export analysists, were selected randomly, who were keen to participate voluntarily, after being informed of the nature and purpose of the study.

4. DATA COLLECTION

Maurel (2009) argues that export performance can be assessed through a three-dimensional approach namely, the EXPERF scale as suggested by Zou et al. (1998) or the STEP scale recommended by Lages and Lages (2004). However, according to Chen et al. (2016) the frequently used export performance measures are export profitability, export sales growth, export sales and export intensity. The aforementioned author also highlights that, “non-economic performance measures are goal achievement, satisfaction with export performance and these are not always used to measure export performance” (Chen et al., 2016). However, Oliveira et al. (2012) argue that, the use of only one export performance indicator does not capture the different aspects of export performance construct since export performance is a multi-faceted phenomenon. Thus, this study used export intensity and export sales growth to measure export performance of firms classified as SMEs in the manufacturing sector in Zimbabwe.

While research has been conducted to explain export performance and its antecedents, there have been no generally accepted conceptualisation on how best it can be measured (Chen et al., 2016). Thus, this study used summated scales to measure the following constructs: customer focus, distinctive organisational capabilities, customer value, cross-functional cooperation, export performance, export market characteristics and industry characteristics, since “there are no unifying scales to measure them” (Mascherpa, 2011). Therefore, specific scale items or questions were typically used to measure the construct, using a five point Likert scale to elicit the degree of agreement or disagreement with each statement. According to Zikmund and Babin (2007) when measuring customer focus, “a number of variables may be used and these may be captured on a scale of 1-5.” In this case variables that can measure the ‘customer focus’ construct are export tailor-made products; export timely delivery; reasonably priced products; after-sale export services; and continuous improvement. Using the Likert scale, “respondents were asked to indicate the extent to which they agreed or disagreed with statement(s) concerning a particular object” (Makanyeza, 2014).

Self-administered questionnaires were used to collect the data from the sample of SME owner-managers, and structured interviews were held with four (4) Policy Makers and four (4) Export analysists, who were selected randomly, since they were keen to participate voluntarily, after they were informed of the nature and purpose of the study.

5. RESEARCH FINDINGS

The response rate was 96%, since of the 345 distributed, 332 were usable questionnaires were returned. Most of the participants were female (61.7%) and managers, representing 37.7% of the total sample. The results showed that most (68.7%) of the SMEs exported to regional markets, which highlight that most of the SME’s products are most probably being exported to regional markets in the SADC region.

Table 1 reflects the relationship among the various variables in general, and on export performance (SEP) in particular.
Table 1: Results of Correlation Analysis.

<table>
<thead>
<tr>
<th></th>
<th>CF</th>
<th>DC</th>
<th>CV</th>
<th>CFCI</th>
<th>EMC</th>
<th>IC</th>
<th>EMB</th>
<th>SEP</th>
</tr>
</thead>
<tbody>
<tr>
<td>CF</td>
<td>Pearson Correlation</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>DC</td>
<td>Pearson Correlation</td>
<td>.701**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CV</td>
<td>Pearson Correlation</td>
<td>.554**</td>
<td>.769**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CFCI</td>
<td>Pearson Correlation</td>
<td>.531**</td>
<td>.724**</td>
<td>.818**</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMC</td>
<td>Pearson Correlation</td>
<td>-0.03</td>
<td>-0.032</td>
<td>-0.038</td>
<td>-0.024</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IC</td>
<td>Pearson Correlation</td>
<td>-0.029</td>
<td>-0.014</td>
<td>-0.03</td>
<td>0.021</td>
<td>.604**</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>EMB</td>
<td>Pearson Correlation</td>
<td>-0.102</td>
<td>-0.075</td>
<td>-0.092</td>
<td>-0.105</td>
<td>.506**</td>
<td>.516**</td>
<td>1</td>
</tr>
<tr>
<td>SEP</td>
<td>Pearson Correlation</td>
<td>.704**</td>
<td>.609**</td>
<td>.633**</td>
<td>.532**</td>
<td>-0.02</td>
<td>-0.032</td>
<td>-.109*</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

From the results in Table 1 it can be deduced that:

- there is a positive association/relationship between the research variables, except the CF, DC, CV and CFCI-EMS relationships; CF, DC and CV and CI relationships; CF, DC, CV and CFCI-EMB relationships; and EMC, IC and EMB-SEP relationships.
- all the associations between EMC and CF, DC, CV, CFCI, EMB and SEP were insignificant except the relationship between EMC and IC and EMB.
- another insignificant pair of relationships was found between CF, DC, CV, CFCI and CI.
- In addition, CF, DC, CV, CFCI have an insignificant association with EMB. SEP had an insignificant association with IC and EMC.

All other associations between the research variables in the conceptual model were significant with a p-value that is less than 0.005 or 0.01.

Table 2 below presents the results of regression analysis where there are 10 independent variables and one dependent variable (SEP/export performance) in the proposed model which was: SEP = α + β1CF + β2DC + β3CV + β4CFCI + β5EMC + β6IC + β7EMB + ε

The regression results in Table 2 indicates that:

- DC, CFCI and EMB have a negative effect on SEP, whereas all other variables have a positive relationship with SEP as proposed in the regression model.
- CF has the strongest effect on SEP (β=0.532), followed by CV (β=0.427), CFCI (β=-0.073), DC (β=-0.042), EMB (β=-0.042), IC (β=0.001), and EMC (β=0.030) respectively.
- the CF-SEP (p=0.005) and CV-SEP (p=0.005) relationships are the only significant relationships in this regression model.

All other proposed relationships in the regression model are insignificant since the p-values are greater than 0.005.
Table 2. Regression analysis results.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>0.809</td>
<td>0.261</td>
<td>3.094</td>
<td>0.002</td>
</tr>
<tr>
<td>CF</td>
<td>0.541</td>
<td>0.051</td>
<td>0.532</td>
<td>10.551</td>
</tr>
<tr>
<td>DC</td>
<td>-0.045</td>
<td>0.072</td>
<td>-0.042</td>
<td>-0.627</td>
</tr>
<tr>
<td>CV</td>
<td>0.414</td>
<td>0.068</td>
<td>0.427</td>
<td>6.13</td>
</tr>
<tr>
<td>CFCI</td>
<td>-0.073</td>
<td>0.066</td>
<td>-0.073</td>
<td>-1.116</td>
</tr>
<tr>
<td>EMC</td>
<td>0.017</td>
<td>0.027</td>
<td>0.03</td>
<td>0.641</td>
</tr>
<tr>
<td>IC</td>
<td>0</td>
<td>0.034</td>
<td>0.001</td>
<td>0.014</td>
</tr>
<tr>
<td>EMB</td>
<td>-0.042</td>
<td>0.044</td>
<td>-0.042</td>
<td>-0.956</td>
</tr>
</tbody>
</table>

Source: Primary Data.

5.1. The Effectiveness of Export Marketing Strategies: Views of Policy Makers and Export Analysts

The results revealed that there are two main strategies that were adopted by SMEs to enhance their export performance, namely, niche focus strategy and export industrial cluster. The findings reveal that the policy makers and export analysts are in full support of the niche focus strategy. These finding are also in line with Chichoni (2014). Furthermore, Cooper et al. (2011) also affirm that a ‘niche focus’ strategy has helped SMEs to survive from direct competition triggered by large foreign firms. Notably, the interviewees highlighted that export industrial clusters are not ideal for SMEs to promote exports, since there are insufficient number of SMEs exporting in each segment in any given place. Thus, the findings affirm that niche focus strategy is better than industrial cluster strategy as it can easily be adopted by SMEs and enhance the export performance through protecting SMEs from direct competition from large companies.

One of the objectives of the study was to determine suitable strategies that can be adopted by SMEs to enhance their export performance. Having evaluated the applicability of the strategies being adopted by SMEs exporting from Zimbabwe, the task was then to interview these policy makers and export analysts to determine their suggested strategies that could possibly help SMEs to enhance their exports.

The respondents had mixed views about the relevant strategies applicable to stimulate the export performance of SMEs, and the strategies suggested include inter-alia, the formation of specialised institutions such as SME consortia, creating an enabling business environment, establishment of an SME Export Development and Promotion Agency, developing export infrastructure, strengthening marketing channels, adopting cost saving techniques, and transnational company linkages (TNC-SME linkages). The majority of respondents have concurred that the establishment of “SME and export consortia” is a necessary requirement in building critical mass in both production and exports. Notably, the creation of SME consortia will help in mobilisation of critical resources necessary to create sustainable exports and to satisfy foreign markets better. Sella (2015) confirms that the creation of a consortia helps SMEs to “obtain more information regarding the markets where they will participate and they prepare better to satisfy the demands of these markets.”

It also became apparent that the majority of the respondents are keen for the establishment of a relevant enabling board that coordinates the activities of the SMEs, mobilises resources and the creation of profitable linkages to resources.

6. DISCUSSION OF THE FINDINGS

The findings indicate that the customer focus and the export performance of the SMEs are significantly positively related, which finding is consistent with that reported by some other researches, inter-alia Mascherpa (2011); Spirig (2011); Asikhia and Binuyo (2012); Mukerjee (2013); Verhoef and Lemon (2013) and Yaacob (2014).
Distinctive capabilities are also one of the internal influences that determine a firm’s performance and are classified as one of the market-driven strategies that can be adopted by a firm to enhance its performance. The aforementioned is in line with the prevailing notion that firms should selectively target different marketing capabilities to improve their export performance (Al-Aali et al., 2013). Thus, the results confirm that this notion cannot specifically apply to SMEs’ in the developing countries as capable and reliable human resources are needed to target different marketing capabilities that will result in enhanced export performance (Khan, 2013). Freeman and Styles (2014) also argue that “the combination of the internal firm assets (available resources) and market-based assets (capability development), enable exporting firms to identify opportunities and respond quickly to improve their export performance.”

The findings confirm that the direct effects of customer value on the export performance of SMEs in Zimbabwe are insignificant. Ngugi et al. (2010) argue that SMEs in developing countries may not be able to match customer value and organisational capability due to the nature of their size and resource constraint.

It emerged from the study that cross-functional cooperation and involvement influenced the export performance of SMEs but the influence was minimal or insignificant, which findings are different from that reported by some other researchers (Topolšek and Curin, 2012) who showed positive and significant relationship between cross-functional cooperation and firm performance.

The results confirmed a positive and significant relationship between export market characteristics and the export performance of SMEs. The aforementioned results are similar to that reported by Gul et al. (2011); Hashem and Irshaidat (2014) and Uzoma et al. (2014). It can therefore be confirmed that when there are more restrictive laws, high taxes, cultural perceived barriers and high exchange rate, the export performance of SMEs is subdued.

A positive relationship emerged between industrial characteristics and the export performance of SMEs, which implies that industry characteristics (competitor networks, technology and export market turbulence), influence the export performance of SMEs, but the influence is insignificant. These results are different to that reported by Grandinetti and Mason (2012); Ricci and Trionfetti (2012); Yoganandan et al. (2013); Uzoma et al. (2014) and Lengler et al. (2016) all of who confirmed a significant relationship.

Export marketing barriers also have a negative influence on the export performance of SMEs, which results are similar to what Madsen (1989) reported, namely there is a negative association between commercial barriers and export performance, once the collinear relationship between commercial barriers and external market growth rate had been controlled.

7. CONCLUSION AND RECOMMENDATIONS

Drawing from the results, it can be pointed out that by being ‘Customer Focused’ SMEs in Zimbabwe could improve their export performance. The linkage between customer focus and the export performance of SMEs could also be used to motivate the SMEs that have not yet accepted having a customer focus as their philosophies.

It can be concluded that this market-driven strategy (Distinctive Capabilities) is not applicable in the Zimbabwean context. Thus, it is recommended that in their efforts to enhance export performance, the SME owner-managers should pay more attention on utilising distinctive capabilities to enhance their export performance. Furthermore, SMEs should be compelled to have networks, relationships, partnerships and strategic alliances with larger organisations in order to develop their capabilities.

SME owner-managers should prioritise in having customer value, by investing more in producing more products which embed customers’ values namely, experiential value, symbolic value, sacrifice value which in turn have a positive influence on the export performance of SMEs. It is also recommend that the SME owner-managers
should attempt to create vibrant teams with diverse expertise that create an enabling environment to boost exports, hence resulting in sustainable export competitive advantage of SMEs.

REFERENCES


