



The measurement of export readiness of companies in South Africa

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In order to stimulate economic growth and to increase employment and specialisation, governments all over the world attempt to grow their countries' exports. However, in South Africa many companies are experiencing difficulties in entering export markets and being able to sustain export growth. A possible reason is that the companies are not export-ready before they attempt to expand their position into foreign markets. Export promotion programmes are based on the results of companies completing export readiness questionnaires. In South Africa, it was found that the questionnaires that were used were not scientifically designed and the outcomes did not result in convincing evidence of the export readiness of the companies evaluated. This study aimed to develop an export readiness questionnaire, to be used by TISA (Trade and Investment South Africa), in which the questions are statistically tested and compiled to highlight the weaknesses (development areas) of potential exporters. The results of 30 questionnaires were statistically analysed, and four areas of particular concern for new exporters were identified. A new, statistically verified questionnaire was developed in order to assist TISA to identify specific areas of development needed, and to focus their efforts to assist potential exporters in South Africa to become more competitive and successful exporters.

Key words: South Africa, export readiness, export promotion

Introduction

Governments all over the world attempt to enhance export development in their respective countries in order to achieve various goals (for example, to stimulate economic growth, increase employment and specialisation, and enhance market diversification). In South Africa, many companies have recently been able to secure a strong presence and reputation in foreign markets. Others have not been in a position to expand their sales reach into foreign markets, for a variety of reasons. Some of these include (ITRISA 2002: 1):

- A lack of skills
- Insufficient financial capabilities
- Operational inefficiency
- A lack in managerial effectiveness
- A weak export culture in many industrial sectors
- A lack of competitiveness
- Uncompetitive prices.

The problem is that many of these companies are faced with a shrinking domestic market with the

appearance of competition from abroad. They have therefore been forced to cut costs, and thus cut jobs, in order to become more competitive.

The successes of already globally competitive firms need to be enhanced, while those companies that are experiencing difficulty in achieving competitiveness and/or making successful entries into foreign markets need targeted assistance as well as a more export-supporting environment. As a first step in entering the global market, companies need firstly to determine where their weak points/development areas lie. This can only be determined through a thorough export-readiness evaluation. If a company or trade promotion organisation can assess the various factors that are necessary, and determine which of these are lacking, the firm can decide to embark on further training/development in these areas. In this way, the firm can become more globally competitive and can help South Africa gain a larger global market share (ITRISA 2002: 2).

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Objectives

The first objective of this study is to examine the way in which export readiness of South African companies is evaluated and then compare it to the evaluation of export readiness of companies in other countries. It will then be possible to outline the various export readiness factors that are important.

The second aim is to compile a statistically derived export readiness questionnaire by means of which trade promotion organisations can evaluate potential exporters and help them determine their weaknesses and development areas. To achieve this aim, the export readiness questionnaires from other countries and institutions were analysed, and a pilot export readiness questionnaire was created from the most frequently asked questions. This pilot questionnaire was then used by TISA (Trade and Investment South Africa) for potential exporters, and the results were analysed to derive statistical results for the various questions asked. This has led to the creation of a recommended export readiness questionnaire for use in export promotion organisations.

Export readiness factors

Defining export readiness

'Export ready' is a term commonly used by export assistance organisations to signify that a firm has the character, capacity and courage to enter international markets. It qualifies a company for export assistance on a somewhat more consistent, challenging and sophisticated level than a company that is still in the process of learning how to export, and that lacks the financial or organisational commitment required to enter into foreign markets.

Export readiness is often used to describe a company that is willing and able to take the information, resources and assistance that are provided and use them in a positive and productive manner. The ability to learn and manage the 'unknowns', and complete each task required to be successful, is a common profile of an 'export ready' firm (Food Export USA Northeast 2002).

In addition, export readiness is market-specific, and the same company may be export ready for one market and not export ready for another. This may arise from the nature of the products and services offered, the expertise of the company, and the requirements and preferences of the individual export market (Karamally 1998: 3).

The following sections will therefore discuss ways in which a company should assess its export readiness as well as the various factors that influence a company's export readiness.

Assessing export readiness

In order to become an exporter, a company should be in at least one of two situations. The first situation is that the company holds a strong position at the buyer's end. The company either has a special relationship with an international buyer, or the company has the necessary expertise for specific markets and has the ability to secure markets for a variety of products. In this position, the company would be referred to as a procurement agent or middleman. The company would work according to a buyer's shopping list, or respond to international tenders, and would not necessarily have expertise in the products being bought (DTI 2002).

The second situation is that the company has a product or range of products, or has assured access to the product and has expertise in trading in that specific product. It is preferable that the company is currently selling the product into the domestic market and wishes to expand to international markets. Exporting should not be seen as a separate industry, but merely as an extension of the local market (DTI 2002).

If the company qualifies under the second situation, the company's success in international markets will be dependent on a variety of factors, which will be discussed in the next section.

Export readiness factors

Determining a company's export readiness is the primary step in establishing an export component to the business. Many of the concepts to be considered are similar to the domestic side of the business. The majority of companies strive for monopolistic competitiveness, whereby enterprises must define their markets narrowly enough to dominate them, yet broadly enough to make a profit. Exporting thus becomes very desirable if the right markets can be targeted. However, since there is an 'international variable' to every aspect of exporting, these issues must be addressed from a different, informed and very realistic perspective. The first step to exporting is for management to overcome the reluctance to export. Thereafter, the following issues must be considered in order to evaluate the company's export readiness:

Motivational factors

There are general motivational reasons why companies decide to export. It may be found that one or more may match an individual company's motivation for exporting:

- *Contributing to general long-term expansion*
If the company's objectives are to expand the business over the long term, exporting may be a good option. Building an international sales and marketing programme involves taking time to identify market opportunities, developing working relationships with overseas partners, and engaging in profitable transactions that are in alignment with the overall goals of the company (Tradeport 2003).
- *Enhancing competitiveness*
Generally, participation in the international marketplace provides opportunities for companies to improve their overall competitiveness. By selling internationally, a company can gain insights into customer requirements, competitor activity and different ways of doing business. Moreover, by competing internationally, companies may acquire new technologies, and new ideas for products, as well as partnerships (Tradeport 2003; Food Export USA Northeast 2002).
- *Exploiting unique technology and expertise*
Entering the export arena because of a technological advantage that the product or company possesses may help in achieving success in the international marketplace. Superiority in product quality and expertise can give a company an edge over competitors that may not possess such advantages.
- *Improving return on investment*
If the reason for exporting is to see improved return on investment, exporting may be profitable. Generally, succeeding at exporting requires long-term goals and objectives, whereas short-term gains and profitability will not be an immediate reality. Companies should seek multiple benefits from exporting, such as expanded customer networks, exposure to new ideas and technology, and ideas for global sourcing (Tradeport 2003).

Organisational factors

These are normally the organisational factors that influence a company's decision to export. There are a variety of scenarios that best match a company:

- *Management commitment*
Commitment from management is the primary determining factor of export success. Management shows its commitment to an international sales programme by setting aside funding to support the programme, allotting time to manage this programme and assigning personnel to carry out the programme's transactions. Management must be willing to sacrifice near-term profits for long-term sales. Reluctance to do so during the period of establishing international customer relationships may hinder export success and market penetration. Management must be realistic and know that international sales plans involve long-term objectives and not short-term pay-offs (PASourceNet 1997).
- *Funding support*
Management must be willing to allocate sufficient funds and create an adequate budget for export activities. Businesses that want to break into exporting will need funds for working capital, product modification, medium-term credits to foreign customers, and operations such as staffing, communications and travel budgets (Jaffe & Pasternak 1994: 28).
- *Personal expertise and commitment*
Having in-house staff with international experience can facilitate entry into the international marketplace. If such people are not available, the company can hire or train present staff to assume the responsibilities. These people need to be aware of rules and regulations regarding exporting the specific class of product. The employee or employees should also be knowledgeable about the language and culture of the target market.
- *Production capabilities*
Selling a product internationally (as well as domestically) requires the capacity to produce or manufacture the product. The company should possess the space and equipment needed to manufacture for the specific countries the company is selling to. If the company is already selling domestically, the production capacity should be available to handle and store additional orders, because expanding into the international marketplace will result in a higher number of units to manufacture (Tradeport 2003).
- *Company's export goals*
Increasing profits and growth are the main reasons for exporting. However, the company must be aware that exporting pays off when it

takes a long-term approach of developing an export plan, building international relationships and organising export functions internally. Boosting competitiveness, extending product life-cycles and balancing revenue deviations occurring in domestic markets are other possible company goals for exporting. Whatever the goal, the company should consider whether the expected benefits outweigh the costs.

After these factors have been considered, it is also important to evaluate the product's readiness to export. Many factors play a role in determining if a product is ready to export. Considering the target market and the product itself will help in deciding if the product is a viable business solution. The following factors must therefore be evaluated.

Target market considerations

An important aspect to consider with respect to the target market is the life-cycle position that the product will enter in the target market. This refers to the product life-cycle theory that was developed by Vernon in 1996 (Salvatore 2001). According to this model, when a new product is introduced, it usually requires highly skilled labour to produce. As the product matures and acquires mass acceptance, it becomes standardised. It can then be produced by mass production techniques and less-skilled labour.

A potential exporter needs to examine the target market carefully to determine the stage of the product's life-cycle at which the market is, and therefore the stage at which the product will enter the market. If the product enters near the maturity stage, it will not have a long profitability period and will have to be adjusted into mass production rather quickly.

Product considerations

Once the target market has been considered, it is also necessary to evaluate the product itself. It should be determined whether the company has an exportable product and whether that product is ready to be exported. The following factors are important in assessing the product:

■ *Product modifications*

A product may be sold without modifications to international markets, as long as it meets standards and regulations set by the respective country. Some countries have strict governmental regulations that require special testing, safety, quality and technical conformity measures. Others impose tariffs and taxes on certain product classifications. The cost of adapting and

modifying the product for international sale should be considered (Trade Point Pretoria 2003).

■ *Training to operate the product*

Products may require training to operate, which places greater responsibility on the company and distributor or agent. The company must decide how to support this responsibility.

■ *Support after sale*

Products that require considerable support after sale must be handled by a distributor or agent that is well positioned to provide such a service. After-sale support may include maintenance, parts inventory, training and warranty (PASourcenet 1997).

■ *Versatility*

A product that has multiple applications has greater potential in the international marketplace. In exploring the product potential in a new market, a flexible product can appeal to a number of diverse audiences.

■ *Differentiated products*

Products that have unique features enjoy a competitive advantage and better reception in foreign markets. Such unique features include patents, superior quality, cutting edge technology or adaptability. If the product has competition in a foreign market, it may be difficult to sell. It should be verified that the product has significant advantages over its competitors by looking at its unique features, suitability and enhanced after-sales service. If a product is new and unique, it should be determined whether any low-cost market research exists to help assess the market potential (Cacchione 1996: 30).

Export readiness measurement

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In the initial stages of the export process, companies need to be certain that they comply with the export readiness factors. This cannot be done alone, and companies need support from institutions that have experience in the field. Substantial resources are devoted to export promotion programmes designed to increase the propensity of companies to export. Governments have developed various approaches towards export promotion or assistance. The next sections will discuss some of these programmes in other countries as well as in South Africa.

Export readiness as part of export promotion programmes

Before attempting to look at the South African situation with respect to export promotion, it was firstly necessary to evaluate export promotion programmes in other countries so that efficient comparisons could be drawn. Most of this information was available only on the Internet, and tended not to provide sufficient information. It was, however, possible to accumulate information about export promotion in Malaysia (About MATRADE 2001), Japan (JETRO 2002), Singapore (IE Singapore 2001), the Philippines (DTI 2001) and Belgium (Export Vlaanderen 2003). It was also possible to evaluate the export readiness questionnaires that those countries use to evaluate the potential of exporters.

It became clear that export promotion in many of these countries has only been fully developed in recent years, and that considerably more attention has been given to the subject over the last two decades. Most of these countries have been able to establish a support system that helps potential exporters as well as exporters in all areas of the export process. They help potential exporters determine their true export readiness, and if the companies are not ready (and are lacking in certain areas), government systems provide sufficient support for companies to develop the necessary expertise.

When starting to export, these trade promotion agencies also help exporters throughout the process of exporting by providing them with information about such matters as clients, markets and business decisions. They also provide training opportunities to companies that need to expand their knowledge.

Overall, it seems that most of these countries have a well-oiled machine running to support their exporters fully through the export process and further development. Exporters in these countries are not alone in their export activities.

These governments are also working on those areas where their support systems are lacking, and have long-term plans in place for what they want to achieve in the future.

Export readiness as part of export promotion in South Africa

When TISA was formed in 2000 as a division of the Department of Trade and Industry (DTI), the original investment promotion agency, Investment South

Africa (ISA), and the export functions of the DTI were merged to form a single organisation. TISA became responsible for stimulating foreign direct investment and exports of South African goods and services to international markets.

TISA focuses on promoting sectors of the South African economy that have shown the greatest potential and marketability. TISA identifies opportunities and provides core market intelligence in 48 regional offices within South Africa's diplomatic centres worldwide, but these have rarely been evaluated to determine their effectiveness and efficiency.

The DTI has developed the Export Marketing and Investment Assistance (EMIA) scheme to support companies in exporting financially. Since 2000, TISA has been responsible for the management of the EMIA scheme. The purpose of assistance under the EMIA scheme is to partially compensate exporters for certain costs incurred in respect of activities aimed at developing export markets for South African products and to recruit new foreign direct investment into South Africa (EMIA 2003; Sacks 2001: 6).

Currently, the assistance of potential companies in determining their export readiness is still in its initial phase. TISA makes use of an export readiness questionnaire that is supposed to assess the different factors that are necessary for a company to be regarded as export ready. They make use of two questionnaires. The first is a detailed questionnaire in which extensive information is requested, and the other is a short, desktop-version questionnaire in which only the basic factors of export readiness are evaluated to obtain an initial impression of the company's export readiness.

The statistical analysis in the next section is aimed at evaluating the results that were derived from a new pilot questionnaire on potential exporters for use in the development of a completely new, statistically derived questionnaire for TISA.

Statistical analysis

During the course of this research, TISA acknowledged the fact that its existing questionnaires had not been scientifically designed and that the outcomes were not convincing in terms of assessing the export readiness of companies. It was therefore requested that a new, desktop-version questionnaire be developed.

In compiling a new questionnaire, it was necessary to examine the export readiness questionnaires currently used in South Africa, as well as the export readiness questionnaires from various other countries. The questionnaires currently used by TISA were examined, as well as the questionnaire used by NEPA (Ntsika Enterprise Promotion Agency), the local enterprise promotion agency. Questionnaires were also obtained and examined from other countries, such as Canada (DFAIT 2002), the Netherlands (CBI 2003), the USA, Malaysia (About MATRADE 2001) and a variety of organisations, such as the Centres for International Trade Development (CITD) (2001), PASourcenet (1997), Trade Port (2003), Trade Point (2003) and the Burbank Group (2003).

By examining a total of ten questionnaires, it was possible to determine the most frequently asked questions, and therefore to be able to derive a questionnaire with the most important questions. A pilot questionnaire was developed, which consisted of 30 questions, six of which focused on company details, and the other 24 of which focused on export readiness factors such as management commitment to exports, export administration skills, capacity to supply, quality management and technical know-how, financial resources and competitive intelligence. The questionnaire was then piloted by TISA among 30 potential exporters applying for assistance through the EMIA scheme during the period July to September 2004. The results of the 30 questionnaires were then statistically analysed. The methodology and results are discussed in the following sections.

Composition of the data

During the period July to September 2004, 30 potential exporters that applied to the EMIA scheme were asked to fill in the export readiness questionnaire. It is therefore not possible to derive conclusions about the total population of exporters, as the companies that were part of this study were not chosen to be representative of all exporters, sectors, size, number of years in operation or province.

In the first question, the participants were asked to specify the specific sector in which their company operates. The results are shown in Table 1.

It is clear that most of the participants (50%) operate in the manufacturing sector, with the second largest group being in services (16.7%) and the third largest in agriculture (13.3%).

Table 1: Sectors

| Sectors | Percentage |
|---------------|------------|
| Agriculture | 13.3 |
| Mining | 3.3 |
| Manufacturing | 50.0 |
| Electricity | 0 |
| Construction | 0 |
| Trade | 10.0 |
| Financing | 0 |
| Services | 16.7 |
| Government | 0 |
| Other | 6.7 |

Secondly, the participants had to specify the number of staff the company currently employs, with the three categories being fewer than 50, 51–200, and more than 200 employees. The results are shown in Table 2.

Table 2: Number of employees

| Number | Percentage |
|---------------|------------|
| Fewer than 50 | 66.7 |
| 51–200 | 23.3 |
| More than 200 | 10.0 |

It is clear that most companies (66.7%) that participated in the study are small and medium enterprises (SMEs), with fewer than 50 employees; the second largest category (23.3%) is companies that employ between 51 and 200, and the smallest percentage (10%) of companies has more than 200 employees.

Thirdly, participants were asked to provide the number of years the company has been in operation. The results are shown in Table 3.

Table 3: Years in operation

| Years | Percentage |
|--------------------|------------|
| 0–5 years | 20.0 |
| 6–10 years | 33.3 |
| 11–20 years | 26.7 |
| More than 20 years | 20.0 |

Table 4: Province of location

| Province | Percentage |
|---------------------------|------------|
| Northern Province/Limpopo | 3.3 |
| Gauteng | 40.0 |
| Mpumalanga | 0 |
| North West | 0 |
| Northern Cape | 0 |
| Western Cape | 43.3 |
| Eastern Cape | 3.3 |
| Free State | 0 |
| KwaZulu-Natal | 10.0 |

From these results, it appears that most companies (33.3%) participating in the study have been operating between 6 and 10 years, and the second highest group (26.7%) have been in operation between 11 and 20 years.

Fourthly, it was important to establish the province in which the companies were located. The results are shown in Table 4.

An interesting result was found, as most of the participant companies (43.3%) were located in the Western Cape, and the second largest group (40%) in Gauteng. The rest were spread among Limpopo province, the Eastern Cape and KwaZulu-Natal.

In the fifth question, participants were asked to provide their total turnover for the last financial year. This was categorised in five sections according to TISA's specifications, as shown Table 5.

Finally, the person that filled in the questionnaire had to specify the position held within the company. This was categorised as low-level management, middle-level management or top-level management. The participants were divided as shown in Table 6.

Table 5: Total annual turnover

| Total turnover | Percentage |
|-------------------------|------------|
| Less than R150 000 | 3.3 |
| R150 000–R4 million | 26.7 |
| R4 million–R10 million | 30.0 |
| R10 million–R40 million | 20.0 |
| More than R40 million | 20.0 |

Table 6: Management level of participant

| Management level | Percentage |
|-------------------------|------------|
| Low-level management | 20.0 |
| Middle-level management | 36.7 |
| Top-level management | 43.3 |

After the participants had provided the company details in questions 1 to 6, they proceeded to the second section of the questionnaire, which focused on export readiness constructs, to determine the company's level of expertise and capacity in each construct field.

Results of the statistical analyses

Export readiness assessment

The 24 questions that were based on the various export readiness factors necessary for the company to be successful in export markets were initially divided into six fundamental constructs, namely management commitment to exports, export administration skills, capacity to supply quality management and technical know-how, financial resources and competitive intelligence. The questions were then asked randomly so as not to direct the responses by giving the specific construct under which the question is classified.

From examining the results, four areas were highlighted in which potential exporters experience problems, namely:

- Potential exporters do not necessarily have the capacity available to expand production rapidly to supply a large demand from foreign markets in addition to the local demand. Companies need to ensure that this is feasible in their operations, and government needs to determine measures that can be taken to assist companies in this.
- The problem of standards compliance arises. A large percentage of exporters feel that complying with standards, local or international, is not applicable to them. This may be because of the nature of their products, or because they are not aware of the standards and requirements their specific products need to comply with in order to be accepted abroad. A more extensive study is required to determine the reasons for non-compliance.
- It became clear that most small companies do not have access to the necessary financial resources to be able to develop an export programme for their company.

- Many companies, mostly smaller and not in operation for a very long period, do not have access to the necessary information on world markets, and this implies, overall, that potential exporters do not perform competitive intelligence as extensively as would be desirable. Performing competitive intelligence is a very important function for a company if it wants to be successful in export markets. It provides them with the ability to better plan their operations and develop marketing plans by knowing what the rest of the market is doing.

Factor analysis results

The data were also analysed more extensively through a statistical software program, LISREL 8, in order to make more substantive conclusions. In doing so, a two-factor criterion proved to be the most interpretable factor structure, with these two components weighing 78% of all the factors. Thus all factor loadings for these variables are known.

To estimate the factor loadings for the other variables, the relationship between each of these was estimated using all the others as instrument variables. This was done by using the unrotated, the varimax and the promax criteria. The difference is that with the varimax criterion, the factors are still uncorrelated, while the promax criterion correlates the factors (Joreskog, Sörbom, Du Toit & Du Toit 2000).

Of the 24 items that were included in the analysis, 13 items loaded on to the two factors using the principal component analysis. Based on the interpretation of the items that were loaded on the two scales, they were labelled 'current capacity' and 'internal structure'.

The detail of the items of each factor is as follows:

- *Factor 1 – Current capacity*

All the items that load on to Factor 1 pertain to the existing resources and knowledge available to the company, as well as its current status in the market. This factor included five items relating to the subject. There was only one exception, namely, that relating to management's commitment to exports.

- *Factor 2 – Internal structure*

The second factor included eight items relating to the internal structure in place in the company, such as quality control system, financial report system, marketing strategy/plan, communication system and market information system (in other words, competitive intelligence practices). The exception was one item related to standards compliance.

The final 13 items derived from the factor analysis were tested for their reliability by submitting them to item analysis, using the varimax criterion, which requires that factor loading is only viable if it loads more than 0.60 on the one factor, and simultaneously less than 0.35 on the other factor. Rules of thumb suggest that the item should not load more than half on the other factor (Johnson & Wichern 2002). This resulted in the final sorted factor loading matrix set out in Table 7.

Relating the data from Table 7 back to factors 1 and 2, it is clear that the most obvious problems were seen in the two fields of current capacity and internal structure. This again proves more extensively the conclusions that were made from the export assessment results. Most potential exporters seem to experience their biggest drawbacks from exports in internal operations, namely production capacity and financial resources. They also have two other internal barriers, namely, compliance with standards and world market information. With regard to the former, it has already been noted that further studies are needed to determine why companies do not feel they need to comply with any standards. With regard to the latter, it is clear that the concept of competitive intelligence is not seen as an essential part of a company's operations, and this needs to be brought to their attention.

Table 7: Factor loading matrix

| Sorted Varimax-rotated factor loading matrix | | |
|----------------------------------------------|------------------|--------------------|
| ITEM | FACTOR 1 | FACTOR 2 |
| | Current capacity | Internal structure |
| Q7 | 0.864 | 0.042 |
| Q8 | 0.864 | 0.042 |
| Q9 | 0.864 | 0.042 |
| Q24 | 0.867 | -0.498 |
| Q25 | 0.867 | -0.498 |
| Q10 | 0.035 | -0.906 |
| Q11 | 0.035 | -0.906 |
| Q12 | 0.035 | -0.906 |
| Q13 | -0.012 | -1.000 |
| Q14 | 0.318 | -0.948 |
| Q17 | -0.044 | -0.975 |
| Q22 | 0.041 | -0.845 |
| Q30 | -0.252 | -0.968 |

As the study delivered only 30 data points, it was not statistically possible to do more extensive analyses. To be able to do a more detailed study, it would be necessary to pilot these questionnaires among more than 50 potential exporters, which is recommended if more extensive results are needed. For the purpose of this exploratory study, the results achieved were adequate.

From all the results, it became clear that it is extremely important for potential exporters to realise the need for stability in their current situation. A company needs to be settled in the local market, with a sustainable, efficient operational system. The production capacity and financial resources need to be in place before any attempt can be made to export. The company also needs to be willing and able to conduct efficient research on potential export markets, as well as to realise the importance of an export development programme, by including extensive competitive intelligence practices.

Companies need to realise the implications of the export process. Therefore, they need to realise all the complexities and technicalities of the export process. They also need to realise that supplying any product abroad implies that the product will need to comply with strict standards and requirements, and therefore they need to ensure that their product adheres to such requirements.

Conclusions and recommendations

By analysing the results, as discussed, it became possible to develop a new, improved, statistically verified, shortened questionnaire for TISA. This questionnaire is included as Appendix A.

Potential exporters may realise the complexity of exporting, but that is not to say that they have the knowledge or experience to develop an efficient development programme on their own. As the questionnaire consisted only of questions with yes/no responses, it was easy for a company to agree with a statement only because it recognised its importance. It is therefore recommended that this questionnaire be further developed into a questionnaire based on a four- or five-point scale (Likert scale) against which each answer can be measured. This will help government agencies to provide assistance to companies in the specific areas in which they are weak, and companies can then be helped to develop as increasingly export ready businesses that will eventually stand a good chance of being successful exporters.

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APPENDIX A

RECOMMENDED EXPORT READINESS QUESTIONNAIRE

COMPANY DETAILS

Please mark the appropriate answer or complete where necessary:

1. Sector in which you are active:

| | | | |
|---------------|--|-----------------|--|
| Agriculture | | Transport | |
| Mining | | Financing | |
| Manufacturing | | Services | |
| Electricity | | Government | |
| Construction | | Other (Specify) | |
| Trade | | | |

2. Number of employees:

| | |
|---------------|--|
| Fewer than 50 | |
| 51 200 | |
| More than 200 | |

3. Years in operation:

| | |
|--------------------|--|
| 0 5 years | |
| 6 10 years | |
| 11 20 years | |
| More than 20 years | |

4. Province in which you are located:

| | |
|---------------------------|--|
| Northern Province/Limpopo | |
| Gauteng | |
| Mpumalanga | |
| North West | |
| Northern Cape | |
| Western Cape | |
| Eastern Cape | |
| Free State | |
| KwaZulu-Natal | |

5. Total turnover in the last financial year:

| | |
|-------------------------|--|
| Less than R150 000 | |
| R150 000 R4 million | |
| R4 million R10 million | |
| R10 million R40 million | |
| More than R40 million | |

6. Your position in the company

| |
|--|
| |
|--|

READINESS ASSESSMENT

7. We are convinced that exports are an important aspect of our future survival and are able to commit a substantial amount of time to developing an international market.

| | |
|-----|----|
| YES | NO |
|-----|----|

8. We have an understanding of export procedures and the various roleplayers involved in processing export orders.

| | |
|-----|----|
| YES | NO |
|-----|----|

9. We have a product/products that has/have been successfully sold in the domestic market, and our production is consistent in volume and quality.

| | |
|-----|----|
| YES | NO |
|-----|----|

10. We have a quality management/assurance/control system in place.

| | |
|-----|----|
| YES | NO |
|-----|----|

11. We have a recent financial report (profit and loss statement and balance sheet).

| | |
|-----|----|
| YES | NO |
|-----|----|

12. We collect/gather information on potential buyers and competitors (their products and prices) on a regular basis.

| | |
|-----|----|
| YES | NO |
|-----|----|

13. We are prepared to rearrange the way our business operates to become internationally competitive.

| | |
|-----|----|
| YES | NO |
|-----|----|

14. We have an efficient communication system and sufficient resources to handle administration matters efficiently and respond to enquiries, complaints, etc.

| | |
|-----|----|
| YES | NO |
|-----|----|

15. We have spare capacity, or are able to increase our capacity rapidly, to produce over and above our domestic market needs.

| | |
|-----|----|
| YES | NO |
|-----|----|

16. We have access to technical expertise and have undertaken research and development in order to improve our product's features to suit international market requirements.

| | |
|-----|----|
| YES | NO |
|-----|----|

17. We can afford to invest in adapting our product/ packaging if required.

| | |
|-----|----|
| YES | NO |
|-----|----|

18. We have information on the size of the world market for our product(s).

| | |
|-----|----|
| YES | NO |
|-----|----|

19. We have sufficient experience and adequate resources to support and develop an export marketing plan.

| | |
|-----|----|
| YES | NO |
|-----|----|

20. Our product/products comply/ies with a recognised South African (SABS) and/or other international standard and/or specification. (Mark N/A if not applicable.)

| | |
|-----|----|
| YES | NO |
|-----|----|

21. Our turnover grew over the last 2 years.

| | |
|-----|----|
| YES | NO |
|-----|----|

We thank you for your time and effort in completing this questionnaire.