

Determinants of Initial Export Market Participation: (An Empirical Study on the Internal-Proactive and Internal-Reactive Factors among Micro and Small Enterprises in the Commercial Craft Sector in Kenya)

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Abstract

This study sought to investigate the determinants of initial export market participation among MSEs in the commercial craft sector in Kenya. This was motivated by the available evidence that MSEs play a critical role in the economy of most developing as well developed nations in terms employment creation occupation and subsequent wealth creation. The study specifically sought to determine the effect of internal-proactive factors on initial export market participation among MSEs in the commercial craft sector in Kenya. To investigate the effects of internal-reactive factors on initial export market participation among MSEs in the commercial craft sector in Kenya. The study adopted the stage theory and the factor proportions theories of internationalization and used a mixture of explanatory and descriptive research designs on a target population of 140 MSEs in the commercial craft sector in Kenya registered with EPC at the time of the study. Primary data was collected by use of a semi-structured questionnaire and the data was analyzed by use of measures of central tendencies, Factor analysis (for data reduction) and multiple regression analysis (to establish the variable relationships). The findings show that initial export market participation in Kenya MSEs is influenced significantly by internal proactive factors, (with some variables depicting negative significant skew, while others provide positive skew effect). The study concludes that to enhance export market participation and ensure a vibrant and competitiveness in the global marketplace, these internal proactive factors need to be continuously scrutinized with adequate attention. The study recommends that the governments and the relevant agencies need to collectively lobby and develop export sensitization programmes anchored on appropriate policies intended to boost MSE export market participation.

Key words: MSE, Commercial craft, Export, Market participation, Internal-Proactive Factors.

Background of the Study

1.1.1. Profile of Micro and Small Enterprise Sector

Over the years the role played by the micro and small enterprises (MSE) sector has increasingly been recognized and appreciated not only in the developing but also the developed countries globally. This appreciation has largely been due to the contribution of the MSE sector to economic development particularly in employment creation. It is argued that in Latin America and the Caribbean, MSE's make up more than 95% of the total number of business establishment and absorb more than 85% of total private sector employment in most countries (Sithore, 2007). The sector accounts for almost 60% of the Canada's private sector employment and 43% of private sector gross domestic product (GDP). In countries like Botswana, Malawi, Swaziland and Zimbabwe, the estimated number of people engaged in MSE activities is nearly twice the level of employment in large enterprises and in the public sector (Mead and Liedholm, 1998).

The Kenyan MSE sector is mixture of self employment outlets and dynamic enterprises involved in an array of activities that concentrate in urban areas but are also evident in rural Kenya. These enterprises cut across all the sectors of the Kenyan economy and provide one of the most prolific sources of employment creation, income generation, and poverty reduction. (Republic of Kenya, 2005).

Majority of MSEs in Kenya are informal in nature with majority not regularizing their operations beyond the licensing requirements by local authorities. However, they play an important role in the economy by creating employment at low levels of investment per job, absorbing surplus labor in the economy, using mainly local resources, promoting local creativity and innovation and creating skills training at a low cost to society (KIPPRA, 2009).

According to the 1999 national baseline survey, there are approximately 1.3 million MSEs, creating employment for 2.3 million people and generating about 14 per cent of the country's GDP (CBS, ACEG, K-REP, 1999). Approximately two-thirds of Kenyan MSEs are located in the rural areas. Close to two-thirds of all enterprises are in the trade sector, meaning that a large proportion of MSEs were involved in the buying and selling of commodities, 13 and 15 per cent respectively were involved in manufacturing and services (RoK, 2005). A third of the enterprises operate from homes and a half is women owned (Mullei and Bokea, 1999). Women owned small enterprises are more likely to be informal, usually start smaller, use less start-up capital, grow slower if at all, have more limited access to credit and more often operate from less permanent premises and homes (Parker and Torres 1994, Kimuyu and Omiti 2000). The average Kenyan MSE where majority of the commercial craft sector falls, employs 1-2 workers while over 70% employ only one person, with only very few MSEs growing to employ more than 6 workers (RoK, 1992). This shows that despite the importance of the sector in the economy, the growth and graduation to the medium sector is very slow.

1.1.2 An Overview of Commercial Craft Sector

The commercial craft sector referred to as art and craft industry creates an important role in creating international awareness on the rich cultural and artistic diversity of Kenyans. The unique designs and artistic characteristics of commercial craft products vary greatly, and are generally categorized into handmade articles of original and artistic values, articles of decorative value and articles of functional utilitarian value (RoK, 2003b). This has been largely used to even attract tourists in the country.

The global market value for handcrafts is estimated to be at least \$100 billion, with key markets being the United States, Germany, France, the United Kingdom, Spain, the Netherlands, Japan, and Hong Kong, followed by a number of additional West European countries (Barber and Krivoshlykov, 2006). China is the major producer and exporter of baskets and mats supplying over 54% of world trade of baskets and 73% of mats (Barber and Krivoshlykova 2006). Several African producers like Ghana, South Africa, Mozambique, Malawi, Kenya, and Tanzania offer a number of successful handicraft products on the world market. South Africa and Ghana have the highest export capacity and most competitive designs and quality. Their success is based on consistent delivery and the ability to sustain sales based on established relationships (Republic Of Rwanda, 2009).

1.1.3 Export Development and its Importance

Trade and investment have long been considered powerful instruments to promote development as it opens up new markets and permit the expansion of productive capacity and higher levels of income and employment (Goitom, 2006). In this era of globalization, most firms will sooner or later compete internationally. Underlying this expansion are several factors including: removal of trade barriers, economic liberalization, technological advances, declining communications and transport costs, and highly mobile multinational enterprises seeking out new investments.

The global economy now reaches every corner of the world, and internationalization now involves not just the giant corporations but also many Micro and Small Enterprises (MSEs). Therefore, business firms cannot focus their business in the domestic market as they are being forced to be internationally competitive and to participate in international business especially for MSE from developing countries like Kenya. Exporting represents one of the simple and most common means of entering the global arena. Its advantages over other market entry strategies are based on reduced financial risks, lower commitment of resources and a high degree of flexibility.

Trade statistics in Asia show that small businesses contribution to total exports is 56% in Taiwan, 50% in China, 50% in Thailand, 20% in Vietnam, 42% in south Korea and about 17% in Hong Kong and Singapore (Sithole, 2007). The role of exports in economic development has been widely acknowledged.

Ideally, export activities stimulate growth in a number of ways including production and demand linkages, economies of scale due to larger international markets, increased efficiency, adoption of superior technologies embodied in foreign-produced capital goods, learning effects and improvement of human resources, increased productivity through specialization and creation of employment (Were, 2002). Kenya export sector holds enormous potential for the economic recovery of the country as the volume of world exports has continued to rise over time. In the last three decades for instance, exports of developing countries have grown at an average rate of 12% per annum (RoK, 2003b). As of now, Kenya has distinguished herself as a supplier of quality products to the world. The export basket however comprises a limited number of products hence the need for product development, diversification and enlargement. Factors influencing initial export market participation, also referred to as stimuli, export incentives or export attention evokers have been explained by some researchers as the most critical and dynamic elements in determining the export behavior of the firm (Ford & Leonidou, 1991).

In the extant literature, factors influencing initial export market participation can be classified as either internal i.e. factors relating to influences intrinsic to the firm or external i.e. factors exogenous in the firms domestic or foreign environment (Wiedersheim-Paul et al, 1978; Brooks and Rosson, 1982; Kaynak and Stevenson, 1982; Leonidou, 1998). When an export decision is internally stimulated, it is considered a rational, objective-oriented behavior and problem oriented adoption process while stimuli that are externally initiated is regarded as less-rational, less objective-oriented and an innovation-oriented adoption process (Lee and Brasch, 1978). Factors influencing initial export market participation can also be classified as either proactive or reactive. Reactive factors indicate an aggressive, positive and strategic export behavior based on the firms interest in exploiting unique internal competences while reactive factors exemplify passive, negative, tactical engagement in export activities as a response to environmental pressures (Pavord and Bogart, 1975, Czinkota and Johnston, 1981, Leonidou, 1998). Building on the foregoing classification typologies, Albaum, Duerr and Strandstov (1989) have identified the following categories of factors influencing initial export market participation: internal reactive factors, internal proactive factors, external proactive factors and external reactive factors.

Despite the importance of export to economic development among economies, a review of export marketing literature show that either no attention or little reference has been given to the factors that influence initial export marketing (Aaby & Slater, 1989; Douglas & Craig 1992). This study was therefore modeled around this classification typology and sought to examine factors influencing the initial export market participation of MSEs in Kenya, with special reference to commercial craft sector as they seek to be competitive and relevant in the international market.

1.2. Statement of the Research Problem

Despite the importance of export to economic development among economies, a review of export marketing literature show that either no attention or little reference has been given to the factors that influence initial export marketing (Aaby & Slater, 1989; Douglas & Craig 1992). Previous studies on MSE export marketing have largely concentrated on barriers to export development (Kaleka and Katsitkeas 1995, Cromie 1990, Leonidou 2004, Goitom 2006) and the determinants of export performance (Were, 2002, Alvarez 2002, Hollenstein 2005). This study was therefore modeled around this classification typology and sought to examine the internal reactive factors influencing the initial export market participation of MSEs in Kenya, with special reference to commercial craft sector as they seek to be competitive and relevant in the international market.

1.3. Study Objectives

The specific objectives of the study were “to determine the effect of internal-proactive and internal-reactive factors on initial export market participation among MSEs in the commercial craft sector in Kenya”

1.4. Research Hypothesis

The study hypothesis was that “*there was no relationship between internal-proactive or internal-reactive factors and initial export market participation among MSEs in the commercial craft sector in Kenya*”

2. Literature Review

2.1. Theories of Internationalization

Various theories have been advanced to justify the existence of international and global trade. These theories explain the benefits of both export and import trade to various parties ranging from the enterprise to the economy and generally provide evidence that this kind of trade is highly beneficial to various parties. According to Hill (2007) theories in support of international and global trade can be traced as far back as the 1600s with the theory of mercantilism that was popularized by Thomas Mun in 1630.

2.1.1. The Stage Theory

Stage theory (Johanson and Vahlne, 1990), suggests that internationalization reflects the gradual acquisition, integration and use of knowledge about foreign markets. As firms grow, they accumulate resources; build economies of scale and excess capacity, and/or a level of “slack” that enables management to direct greater efforts to export when compared to very small firms (Bonaccoris, 1992). Firms in the international market are hypothesised to evolve only after a period of domestic maturation and home market saturation (Caves 1982, Porter 1990). According to the stage theory, firms go through distinct stages in the development of their international business operations; where they perhaps begin with unsolicited foreign orders, proceed to indirect exporting and the development of an international division (Czinkota and Wesley 1981). This stage development of firm internationalisation is described as an incremental, risk-averse and reluctant adjustment to changes in a firm or its environment (Johanson and Vahlne 1990). Stage theory argues that smaller firms lack efficiencies, economies of scale and management acumen required to survive in the international marketplace Bates, (1989); Cromie, (1990); Kallenberg and Leicht, (1991). The theory is very relevant for this study as it seeks not only to prescribe the process of internationalisation of MSEs but also some of the key challenges facing firms international expansion. However the theory does not adequately address the factors that trigger such firms to initiate the exporting or internationalisation process only concentrating on the ongoing process. The theory does not consider the aspect of born global firms that initiate exporting right from inception and therefore do not follow the proposed stages in internationalisation.

2.1.2 The Resource Dependency Theory

Resource dependency theory assumes that the organization makes active choices to achieve objectives (Oliver, 1991). Organizational survival depends on the firm’s ability to acquire and retain resources from other actors in the immediate “task environment.” The focal organization will reduce reliance on those actors, or increase its level of influence over them, through such actions as alliances or joint ventures. For example, as customers increasingly seek globally-coordinated sourcing Kotabe, (1992), firms respond by creating alliances to strengthen relationships with key customers (Pfeffer and Salancik, 1978) and suppliers, including following these customers overseas. Resource dependency theory can also be interpreted to explain how firms might pursue direct or indirect modes of internationalization to reduce exposure to a home market which may be undesirable due to high market saturation, production or other costs, and instead focus on other, more attractive national markets. Resource dependency theory is also concerned with a firm’s ability to provide capacity and resources needed for exporting and with how resources are accessed (Tefom, Lutz and Ghauri, 2004).

Therefore, this theory may also be used to explain how a firm’s exposure to a desirable home market may help the firm to accumulate resources that are useful or even necessary for internationalization. A large body of empirical research investigates how a MSE’s current resource base impacts export activity (e.g. Cavusgil and Nevin, 1981; Akoorie and Enderwick, 1992; Westhead, 1995; Keeble, Lawson, Smith, Autio, Sapienza and Almeida, 2000). However, much less is known about how resource availability in the home market is related to firm export behavior. Building on resource dependency theory, it’s expected that SMEs’ ability to provide the necessary export capacity may depend on the favorability of the home market in which they operate. However, the theory is limited in that it does not capture the concept of globalisation that has brought forth the born global firms that begin global operations right from inception.

2.1.3. Theoretical Foundations of MSE Export Development

This study though based on the above theories of internationalization and globalization, has adopted the stage theory and the factor proportions theory. The stage theory identifies the possession of exclusive information on foreign markets by managers; need to gain economies of scale, the need to utilize excess production capacity, saturation in the domestic markets and receipt of unsolicited orders as key factors influencing the MSEs decision to initiate export market participation. The factor proportions theory identifies encouragement by external agents, government export oriented incentives and the conditions of domestic demand conditions as key factors influencing MSEs decision to initiate export market participation. In comparison to large multinational firms, Micro and Small Enterprises (MSEs) are typically regarded as resource-constrained, lacking the capacity to exploit international market opportunities for their goods and services (Reynolds, 1997; OECD, 2000). They lack the skills, power, knowledge and resources to operate viably in international markets (Coviello, 1999; Knight, 2000; Hollenstein, 2005). Despite liabilities of newness, small size, and foreignness, an increasing number of MSEs seeking export marketing are constrained by the transaction costs of doing business abroad (e.g. costs associated with delivering goods or services to international customers) which are particularly cumbersome (Zacharakis, 1998). However these costs have been reduced due to technological advances in telecommunication, information technologies and transportation (OECD, 2000).

2.2 Empirical Review

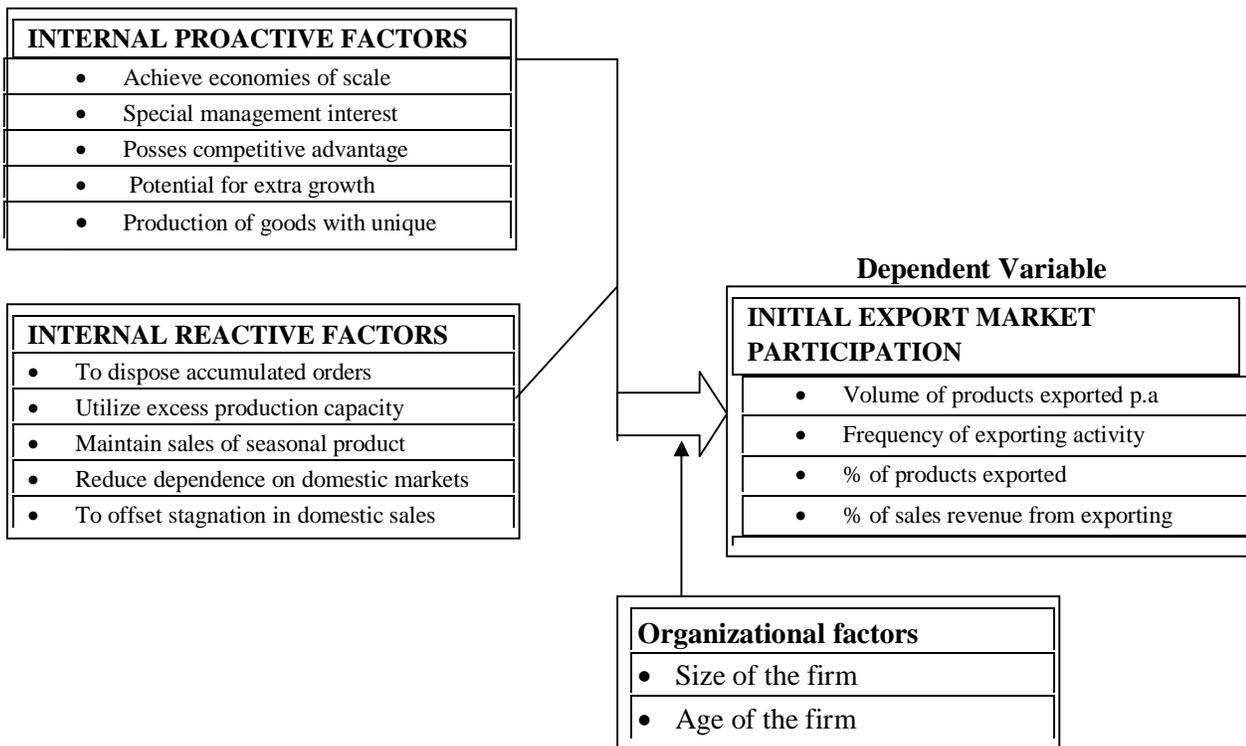
2.2.1. Internal-Proactive Factors

Managerial attitude exerts a major influence in determining the exporting activities of firms. In particular, a positive interest and desire to export may be exhibited by decision makers which can be augmented by the firm's wish to harness the skills of an export-minded manager or better utilize management resources (Reid, 1981; Ogram, 1982; Diamantopoulos and Schlegelmilch, 1990; Sullivan and Bauerschmidt, 1990; Samiee *et al.*, 1993). These export stimuli may also concern the ambitions of decision makers for greater sales (Jaffe *et al.*, 1988; Leonidou, 1988; Rabino, 1980; Weaver and Pak, 1990), growth (Brooks and Rosson, 1982; Leonidou, 1988; Sullivan and Bauerschmidt, 1990; Wiedersheim-Paul *et al.*, 1978) and profit (Johnston and Czinkota, 1982; Ogram, 1982) arising from exporting activities. Competitive elements similarly provide ingredients to influence initial export participation such as the offer of a product with unique qualities or one which requires only slight modification for the export market (Johnston and Czinkota, 1982; Kothari and Austin, 1989; Tesar and Tarleton, 1982). Furthermore, firm advantages in research and development (Jaffe *et al.*, 1988; Sullivan and Bauerschmidt, 1990; Wiedersheim-Paul *et al.*, 1978), marketing (Johnston and Czinkota, 1982; Karafakioglu, 1986; Tesar and Tarleton, 1982) and finance (Jaffe *et al.*, 1985; Kothari and Austin, 1989; Tesar and Tarleton, 1982) may stimulate an interest in developing a market development strategy of exporting. On the basis that scale economies exist in production, marketing and distribution, the market expansion afforded by exporting can result in a decrease in unit costs of production which may act as a catalyst in initiating exporting activities (Joynt, 1982; Ogram, 1982; Pavord and Bogart, 1975).

2.2.2. Internal-Reactive Factors

Due to the size disadvantage of MSEs, they seek strategies of expanding the customer base and hence gain the benefits of economies of scale through exporting. By expanding its customer base, it will most likely reduce the total risk and dependence on any one market, suggesting that exporting may be perceived as a viable market development strategy (Jaffe and Pasternak, 1994; Ogram, 1982; Pavord and Bogart, 1975). Certain industries encounter a seasonal demand cycle for products which may stimulate exploration of foreign market export opportunities to offset the effects of seasonality (Joynt, 1982; Simpson and Kujawa, 1974; Wiedersheim-Paul *et al.*, 1978). The desire to harness unused resource capacity in firms (Diamantopoulos and Schlegelmilch, 1990; Ghauri and Kumar, 1989; Kaynak, 1992; Kaynak and Stevenson, 1982; Leonidou, 1988; Roux, 1977) and the accumulation of unsold stock due to overproduction (Brooks and Rosson, 1982; Jaffe *et al.*, 1988; Kothari and Austin, 1989; Leonidou, 1988; Rabino, 1980) will also tend to stimulate further the search for expansion opportunities via export participation.

Figure 2.1: Conceptual Framework



Source: Adopted from Ibeh et al (2008) and modified by the Researcher, (2011)

From figure 2.1, there four broad category of determinants of initial export market participation. The Internal Proactive factors includes need to Achieve economies of scale, Special management interest in export market operations, firms possessing a competitive advantage they need to exploit in the export market, need to exploit potential for extra growth and Production of goods with unique qualities. The Internal Reactive factors includes need to dispose accumulated orders, need to Utilize excess production capacity and need to Maintain sales of seasonal product. The dependent variable, initial export market participation is conceptualized in terms of the extent to which the MSE managers are influenced by the independent variables to initiate export marketing. To measure extent of export market participation, the study looked at the volume of the firms products exported, the frequency at which the firm exports their products, the percentage of firms products exported and the percentage of the firms total sales revenue accounted for by exports. Literature also identifies some organizational characteristics of the firm that might impact how the initial export market participation factors are interpreted and eventually manifest themselves into exporting (Williams 2008). The three most common organizational factors identified are the age of the firm, the size of the firm and the stage of internationalization.

Research Methodology

3.1. Research Design

This study adopted a combination of explanatory and descriptive research designs of a cross-sectional research design. According to Sunders *et al* (2007) explanatory research design seeks to establish a casual relationship between variables. Guided by the objectives, this study made use of multiple regression analysis to develop a self-weighting estimation equation which helped to predict values for a dependent variable from the values for several independent variables (Cooper and Schindler 2003). The study sought to predict initial export market participation as the dependent variable, on the basis of internal proactive factors, internal reactive factors, as the independent variables. The study adopted the following multiple regression equation:

$$Y_i = \beta_0 + \beta_1 X_{1i} + \beta_2 X_{2i} + \beta_3 D_{S_i} + \beta_4 D_{A_i} + \epsilon_i$$

Y = initial export market participation: the dependent variable.

β_0 = is the Y intercept/constant.

$\beta_1 - \beta_6$ = coefficient of regression which measures how strong each independent variable influence the dependent variable i.e. initial export market participation.

X_1 = is the Internal Proactive factors

X_2 = is the Internal Reactive factors

D_S = the dummy variable for the size of the firm where 1=small and 0=micro enterprise

D_A = the dummy variable for age of the firm where 1= below and including two years and 0= above two years.

ε = the error term

3.2. Definition and Measurement of Variables

Table 3.1 Operationalization and Measurement of Variables

Category	Variable Definition	Operationalization	Measure	Hypothesized Direction Of Independent Variable
Dependent variable	Initial export market participation	Effort made by MSEs to initiate export market participation	Volume of products exported, frequency of exporting, % of products exported and % of total sales revenue from exporting	None
Independent Variables				
Internal Proactive Factors	Economies of scale	Desire to achieve economies of scale by initiating export participation	Extent to which need to achieve economies of scale influence management decision on 1-5 scale	Negative
	Special management interest	Special management interest in export marketing	Extent to which special management interest on export marketing influence management decision on 1-5 scale	Negative
	Competitive advantage	Posses competitive advantage that can be exploited by initiating export participation	Extent to which possession of competitive advantage influence management decision on 1-5 scale	Negative
	Potential for extra growth	Desire to exploit potential for extra growth from exporting	Extent to which need to exploit potential for extra growth influence management decision on 1-5 scale	Negative
	Products with unique qualities	Desire to take advantage of Production of products with unique qualities by initiating export participation	Extent to which production of products with unique qualities influence management decision on 1-5 scale	Negative
Internal Reactive Factors	Accumulated orders	Need to dispose accumulated orders by expanding export participation	Degree to which need to dispose accumulated orders influence management decision on 1-5 scale	Negative
	Excess capacity	Utilize excess capacity by participating in the export market	Extent to which need to utilize excess capacity influence management decision on 1-5 scale	Negative
	Seasonal products	Need to Maintain sales of seasonal products by export participation	Extent to which need to maintain sales for seasonal products influence management decision on 1-5 scale	Negative
	Dependence on domestic markets	Desire to reduce dependence on domestic markets by initiating export participation	Extent to which need to reduce dependency on domestic market influence management decision	Negative
	Stagnation in domestic sales	Need to Offset stagnation in domestic sales through export participation	Extent to which need to offset stagnation in domestic market influence management decision on 1-5 scale	Negative

3.3. Target Population and Sampling

The target population for this study was MSEs in the Commercial Craft sector in Kenya, particularly those actively involved in the export business. There are 140 MSEs in the commercial craft sector in Kenya that meet the above requirements (RoK, 2003). Due to geographical dispersion of the said MSEs, the study categorized them into four zones This is summarized in table 3.2

Table 3.2: Target Population

ZONE	POPULATION PROPORTION	PERCENTAGE
Zone 1 (Nairobi, Kikuyu)	116	83%
Zone 2 (Nakuru & Kisii)	6	4.3%
Zone3 (Machakos & Makueni)	5	3.7%
Zone 4 (Coastal Region)	13	9%
TOTAL	140	100%

Source: EPC (2010)

The study purposively sampled zone one, with 116 MSEs due to its high concentration of these enterprises and used primary data that was collected by use of both closed and open ended questionnaire.

3.4. Reliability and Validity Tests for the Data Collection Instrument

Cronbach's alpha was used as a measure of internal consistency. Cronbach's Alpha is a reliability coefficient that indicates how well items in a set are positively correlated to one another (Sekaran 2003).

Table 3.3: Cronbach Alpha for Reliability Assessments

Variables	Number of items	Cronbach Alpha Values
Internal-Proactive Factors	5	0.8931
Internal-Reactive Factors	5	0.7437

(Field Data, 2012)

As shown in table 3.3 Cronbach alpha values for all the variables; internal-proactive factors and internal-reactive factors, were greater than 0.7. From these findings it can be concluded that the constructs measured had the adequate reliability for the subsequent stages of analysis since all the Cronbach Alpha values were greater than 0.7. A pilot test was carried out with five MSEs to test the data collection instruments before the main survey. The five MSEs were conveniently selected from Wamunyu handcraft society in Machakos County and were not included in the final sample. The pilot-test was used to enable the researcher check the validity of the instruments of data collection. Pilot testing also enabled the researcher estimate with some accuracy the average completion time. Feedback was used to improve the data collection instruments by eliminating any ambiguities and inadequate terms.

3.5. Data Analysis and Reporting

Due to the large number of variables that were hypothesized to influence initial export market participation, the study made use of exploratory factor analysis procedure, which is considered appropriate for data reduction and identification of underlying structure amongst variables (Hair, *et al.*, 1998). The researcher made use of mean and multiple regression analysis with the aid of the Statistical Package for Social Sciences (SPSS). The open ended questions were analyzed qualitatively by grouping common themes together and drawing inferences from the findings.

Research Findings

4. 1. Analysis of Response Rate and Descriptive Statistics

4.1.1. Response Rate

Out of the 116 participants targeted, a total of 102 questionnaires properly filled and usable questionnaires were returned. This represented 87.93% response rate that is the basis of the analysis and the findings presented in this chapter.

4.1.2. Level of export market participation

a. Mode of exporting used

The study sought to establish the mode of exporting that was used by the MSEs in the commercial craft sector. This is important to ascertain the level of commitment in export market participation among the sampled MSEs. The study findings are shown in table 4.2

Table 4.2: Mode of Exporting

	Frequency	Percent	Valid Percent
Direct exporting	27	26.5	26.5
Domestic export agents	59	57.8	57.8
Foreign export agents	15	14.7	14.7
Others	1	1.0	1.0
Total	102	100.0	100.0

Source: Researcher (2012)

As shown in Table 4.2, majority of the respondents (57.8%) export by use of domestic export agents, 26.5% export directly while 14.7% export via foreign export agents with only 1% using other mode of exporting. From the study, the results revealed that the most commonly used mode of exporting was domestic export agents. Cumulatively, indirect exporting via independent domestic and foreign export agents accounts for 72.55 of the export method used by all the sampled MSEs. This supports the arguments of Cateora, *et al*, (2011) that small firms initiate export participation using independent intermediaries to reduce export risk and cost.

4.1.3. Level of Exports Market Participation in the Companies

Different companies have different ways in which they participate in their exports. To ascertain the level of exports market participation by different MSEs in the commercial craft sector, the study investigated the proportion total product sales accounted for by exporting. The study findings are in table 4.3

Table 4.3: Proportion of products exported

	Frequency	Percent	Valid Percent
75% of the product are exported	24	23.5	23.5
50% of the product are exported	30	29.4	29.4
25% of the product are exported	48	47.1	47.1
Total	102	100.0	100.0

Source: Researcher (2012)

As depicted in Table 4.3, majority of the MSEs studied (47.1%) exported 25% of their products, while 29.4% and 23.5% reported to export 50% and 75% of their products respectively. These findings imply that majority of the MSEs in the commercial craft sector studied exporting accounted for 25% of their product sales. However, as noted earlier, the low proportion of exporting reported could be as a result of many firms exporting indirectly therefore not being accurately accounted for directly (RoK 2003). The study operationalized the level of export market participation on the basis of the degree of firms' dependence on export activity as expressed by the proportion of total sales exported (Diamantopoulos and Inglis 1988).

4.2. Internal Proactive Factors

Descriptive analysis of the 20 studied factors produced a preliminary indication of the respondents' perception of the effects of the explored determinants of export market participation on their decision to initiate export participation. The first specific objective of the study was to determine the effect of internal-proactive factors on initial export market participation among MSEs in the commercial craft sector in Kenya. There were five internal-proactive factors investigated in the study which are: the need to achieve economies of scale, special management interest in exporting, possession of competitive advantage, need to exploit potential growth and production of goods with unique qualities.

Table 4.5: Descriptive statistics on Internal-Proactive factors

Factors	N	Mean	Std. Deviation
Production of goods with unique qualities	102	4.25	.801
Need to achieve economic of scale	102	4.08	.972
Need to exploit potential growth	102	4.02	.879
Possession of competitive advantage	102	3.26	1.107
Special management interest in export marketing	102	2.74	.770
Valid N (listwise)	102		

Source: Researcher (2012)

From table 4.5, production of goods with unique qualities, the need to achieve economies of scale and the need to exploit potential for growth registered very high mean of 4.25, 4.08 and 4.02 respectively from a 5 point likert scale. This indicates that majority of the MSEs in the commercial craft sector studied felt that the above factors greatly influenced decision to initiate export market participation. Possession of competitive advantage had a mean of 3.26 while special management interest in export marketing had a mean of 2.74 indicating they influenced the MSEs decision to initiate export market participation to some extent. These findings are in supports the findings of Leonidou (1995) who ranked need to achieve economies of skills, Leonidou (1998), Katsiekeas and Piercy (1993) Jain and Kapoor (1996) need to exploit potential for extra growth and Leonidou (2007) need to benefit from production of unique products has having high influence on firms initial export market participation.

4.3. Internal Reactive Factors

The second specific objective of the study was to determine the effect of internal-reactive factors on initial export market participation among MSEs in the commercial craft sector in Kenya. There are five internal-reactive factors investigated in the study namely: to dispose off accumulated orders, to utilize excess production capacity, to maintain sales of seasonal products, to reduce dependence on domestic markets and to offset stagnation in domestic sales. The study findings are shown in table 4.6

Table 4.6: Descriptive statistics on Internal-Reactive factors

Factors	N	Mean	Std. Deviation
Need to dispose off accumulated orders	102	2.73	1.026
Need to utilize excess production capacity	102	2.69	1.024
Need to offset stagnation in domestic sales	102	2.67	.916
Need to reduce dependence on domestic market	102	2.55	1.011
Need to maintain sales during low demand season	102	2.50	.920
Valid N (listwise)	102		

Source: Researcher (2012)

The findings in Table 4.6 show the respondents perception of the effects of various internal reactive factors in relation to their influence in the decisions made by the respondents on the initiation of export market participation. In a five 5 point likert scale, the need to dispose accumulated orders had 2.73, the need to utilize excess production capacity 2.69, need to offset stagnation in domestic sales 2.67, Need to reduce dependence on domestic market 2.55 while need to maintain sales during low demand season 2.50. This implies that generally, the studied MSES in the commercial craft sector in Kenya ranked the effect of internal reactive factor to have little influence on their decision to initiate export market participation. This is in support to a number of finding of Katsikeas and Piercy, (1993), Jain and Kapoor (1996), and Leonidou (2007) that found out that internal reactive factors have little influence on the firms decision to initiate export market participation.

4.4. Factor Analysis

To further assess the study proposition, a factor analysis procedure was utilized to enable determination of underlying dimensions of variables (Kline, 2000). Factor analysis with varimax rotation was conducted using SPSS package to detect the factor structure in the observed variables.

It was used to identify and reduced the number of factors from a large number of measured variables. The factors which did not meet the minimum loading threshold (that is; 0.3) were eliminated on the factor structure. The initial statistics from the exploratory factor analysis (EFA) based on the principal component analysis method were used to draw a scree plot. This indicated a clear change in the steepness of the curve for all the components as shown in figure 4.1.

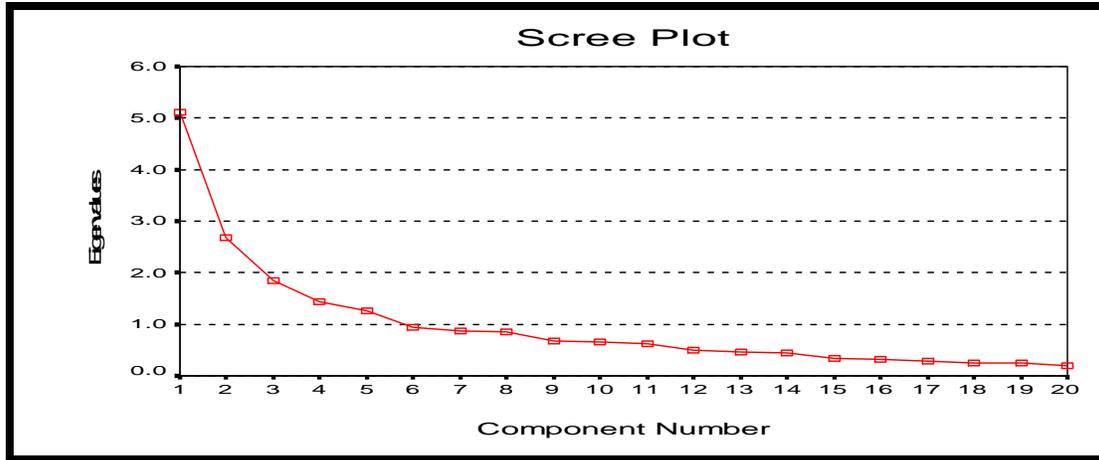


Figure 4.3: Scree Plot
 Source: Researcher (2012)

The scree test method for the selection of an appropriate number of components for extraction of factors is generally considered to be the most suitable technique (Kline, 2000). The scree plot in figure 4.3 shows that five components out of the 20 items were extracted with eigenvalues greater than 1.00. However to further validate this the a principal component analysis was carried out and the results of the extraction and initial Eigenvalues are presented in table 4.9.

Table 4.9: Total Variance Explained

Component	Initial Eigenvalues		
	Total	% of Variance	Cumulative %
1	5.117	25.587	25.587
2	2.674	13.371	38.958
3	1.851	9.257	48.215
4	1.432	7.162	55.377
5	1.268	6.342	61.720
6	.934	4.671	66.391
7	.868	4.342	70.732
8	.858	4.290	75.022
9	.678	3.391	78.413
10	.654	3.271	81.685
11	.612	3.062	84.747
12	.501	2.506	87.253
13	.470	2.348	89.602
14	.444	2.221	91.823
15	.337	1.684	93.506
16	.312	1.560	95.067
17	.292	1.459	96.525
18	.255	1.277	97.802
19	.243	1.217	99.020
20	.196	.980	100.000

Extraction Method: Principal Component Analysis.
 Source: Researcher (2012)

From the scree plot graph figure 4.3 above and the table of total variance explained five components out of the 20 items were extracted with eigen values greater than 1.00, accounting for 61.72% of the cumulative total item variance as shown in table 4. However, to determine the minimum loading necessary to include an item in its respective construct, Hair et al. (1995) suggests that variables with loadings greater than 0.3 are considered significant; loadings greater than 0.4, more important. In this study, only variables with factor loadings of 0.30 or higher were considered since they were considered significant. The results of principal components extraction are shown in the component matrix table 4.10.

The findings in table 4.10 show that loading factors for five factors namely; Need to reduce dependence on domestic market, encouragement by external agents like EPC, identification of better opportunities abroad, intense competitor in the domestic market and prevalence of favourable foreign exchange rates were not significant since their loading as the first component did not meet the minimum loading threshold of 0.3. This implies that; the need to reduce dependence on domestic market, encouragement by external agents, identification of better opportunities abroad, intense competitor in the domestic market and prevalence of favourable foreign exchange rates did not have any significant influence on the initial export participation by MSEs hence they were therefore eliminated in the subsequent statistical analysis.

Table 4.10: Component Matrix

Factors	Components				
	1	2	3	4	5
Need to achieve economic of scale	.659	.066	.202	.204	-.115
Special management interest in export marketing	.518	-.081	.491	.275	-.006
Possession of competitive advantage	.440	.368	.382	.084	-.271
Need to exploit potential growth	.344	.457	.065	.305	-.306
Production of goods with unique qualities	.475	.251	.449	-.266	-.163
Need to dispose off accumulated orders	.693	.123	.135	-.098	.190
Need to utilize excess production capacity	.441	.529	.056	.135	.014
Need to maintain sales during low demand season	.659	.124	.163	-.307	.039
Need to reduce dependence on domestic market	.290	.667	-.265	-.328	.133
Need to offset stagnation in domestic sales	.481	.534	-.183	-.238	-.037
Encouragement by external agents like EPC	.133	.047	.608	-.348	.378
Identification of better opportunities abroad	.087	.448	.385	.164	-.349
Possession of exclusive information on foreign market	.758	.367	.107	.020	-.088
Provision of government export orientation incentives	.504	-.165	.415	-.294	.301
Receipt of order from foreign trade affairs or mission	.638	-.250	.413	.308	-.115
Initiation of export by domestic competitors	.553	.119	.079	.345	.509
Intense competitor in the domestic market	.023	.495	-.029	.453	.585
Prevalence of favourable foreign exchange rates	.152	.683	-.188	.058	.066
Receipt of unsolicited orders from abroad	.727	-.201	.179	.330	.143
Shrinkage of domestic market	.578	.152	.348	-.300	.053

- Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.
- 5-components extracted.

Source: Researcher (2012)

4.5. Regression Analysis Results and Test Hypothesis

4.5.1. Internal-Proactive Factors

The first objective of the study was to determine the effect of internal-proactive factors on initial export market participation among MSEs in the commercial craft sector in Kenya. In order to determine the effect of internal-proactive factors on initial export market participation among MSEs, a Spearman's Rho Correlation Analysis was conducted. A Spearman Correlation Test was performed whereby the correlation coefficient was computed. A correlation coefficient ranges from -1 to +1 (George and Mallery, 2003). The sign of the correlation coefficient indicates the direction of the relationship (positive or negative). The absolute value of the correlation coefficient indicates the strength, with larger absolute values indicating stronger relationships. If the significance level (P-value) is very small (less than 0.05) then the correlation is significant and the two variables are linearly related. If the significance level is relatively large (greater than 0.05) then the correlation is not significant and the two variables are not linearly related. Even if the correlation between two variables is not significant the variables may be correlated but the relationship is not linear. The Spearman Correlation Analysis/test was therefore computed.

Table 4.11: Internal-Proactive Components Versus Initial Export Participation

Internal-Proactive components		Initial Export Market Participation	Deductions
Need to achieve economic of scale	Correlation Coefficient (Spearman's rho)	-.251	Negative Relationship
	Sig. (P-Value) p	.123	
Special management interest in export marketing	Correlation Coefficient (Spearman's rho)	-.131	Negative Relationship
	Sig. (P-Value)	.426	
Possession of competitive advantage	Correlation Coefficient (Spearman's rho)	.004	Positive Relationship
	Sig. (P-Value)	.981	
Need to exploit potential growth	Correlation Coefficient (Spearman's rho)	.068	Positive Relationship
	Sig. (P-Value)	.683	
Production of goods with unique qualities	Correlation Coefficient Spearman's rho	.006	Positive Relationship
	Sig. (P-Value)	.972	

Source: Researcher (2012)

The findings in table 4.11 show a negative correlation coefficient regarding the need to achieve economic of scale ($r = -0.251$, $p = .123$) and special management interest in export marketing ($r = -0.131$; $p = .426$) which are not statistically significant ($p > 0.05$) implying that the need to achieve economic of scale and special management interest in export marketing have a negative correlation with initial export market participation. In addition, the Possession of competitive advantage ($r = 0.004$; $p = .981$), need to exploit potential growth ($r = 0.068$; $p = .683$) and production of goods with unique qualities ($r = 0.006$; $p = .972$) had a weak positive correlation coefficient implying that they have a positive relationship with initial export market participation. However, the non significant p-value ($p > 0.05$) of these variables shows a non-linear relationship between them and initial export market participation. The low values for the test statistics (correlation coefficient) indicate that the relationship between the two variables is a fairly weak one.

These findings therefore show that the need to achieve economic of scale and special management interest in export marketing had a negative effect on initial export market participation by MSEs while possession of competitive advantage, need to exploit potential growth and production of goods with unique qualities had a weak positive effect on initial export market participation among MSEs in the commercial craft sector in Kenya.

4.5.2. Testing of Hypothesis One

The study sought to establish the relationship between internal-proactive factors and initial export market participation among MSEs in the commercial craft sector in Kenya. To establish this, the null hypothesis that there is no relationship between internal-proactive factors and initial export market participation among MSEs in the commercial craft sector in Kenya was tested against the alternate hypothesis that there is a relationship between internal-proactive factors and initial export market participation among MSEs in the commercial craft sector in Kenya.

Table 4.12: Testing of Hypothesis One

		Initial Export Market Participation	Internal Proactive Factors	Deductions
Initial Export Market Participation	Correlation Coefficient (Spearman's rho)	1.000	.258	Positive
	Sig. (P-Value)	.	.011	Reject H ₀
Internal Proactive Factors	Correlation Coefficient	.258	1.000	Positive
	Sig. (P-Value)	.011	.	Reject H ₀

Source: Researcher (2012)

The findings in table 4.12 shows a positive correlation coefficient ($r=0.2580$; $p=.011$) which is statistically significant ($p<0.05$). This leads to rejecting the null hypothesis and accepting the alternate hypothesis that there is a relationship between internal-proactive factors and initial export market participation among MSEs in the commercial craft sector in Kenya. This means that on overall, internal-proactive factors are positively related to initial export market participation among MSEs in the commercial craft sector. This further implies that an improvement of internal-proactive factors will result into increased access to export market by MSE in the commercial craft sector. The results are consistent with findings of Ibeh et al (2007) in Nigeria that concluded that initial export market participation of MSEs in developing countries especially in SSA is predominantly influenced by internal proactive factors. The Nigerian study ranked such internal proactive factors as to dispose off accumulated orders, enjoy economies of scale and achieve extra growth among the top five most important determinants of initiating exporting activity. Its noteworthy that past studies done in less developed economies like Leonidou (1988) in Cprus, Kauda and Sorenson (1999) in Ghana and Ibeh et al (2007) in Nigeria all found the internal proactive factors to rank very high in influencing managerial decision to initiate export market participation.

4.5.3. Internal-Reactive Factors

The second objective sought to establish the influence of internal-reactive factors on initial export market participation among MSEs in the commercial craft sector in Kenya. A Spearman's rho correlation was performed between internal-reactive components and initial export market whereby correlation coefficient was computed as shown in table 4.13. The findings in table 4.13 show a negative correlation coefficient for need to dispose off accumulated orders ($r= -0.021$; $p=.899$) and need to offset stagnation in domestic sales ($r= -0.115$; $p=.486$). In addition, the need to utilize excess production capacity ($r= 0.153$; $p=.353$) and the need to maintain sales during low demand season ($r= 0.212$; $p=.196$) had a positive correlation coefficient implying that they have a positive relationship with initial export market participation. However, the non significant p-value ($p>0.05$) of these variables shows a non-linear relationship between them and initial export market participation.

Table 4.13: Internal-Reactive Components Versus Initial Export Participation

Components		Initial Export Market Participation	Deductions
Need to dispose off accumulated orders	Correlation Coefficient (Spearman's rho)	-.021	Negative correlation
	Sig. (P-Value)	.899	
Need to utilize excess production capacity	Correlation Coefficient (Spearman's rho)	.153	Positive correlation
	Sig. (P-Value)	.353	
Need to maintain sales during low demand season	Correlation Coefficient (Spearman's rho)	.212	Positive correlation
	Sig. (P-Value)	.196	
Need to offset stagnation in domestic sales	Correlation Coefficient (Spearman's rho)	-.115	Negative correlation
	Sig. (P-Value)	.486	

Source: Researcher (2012)

4.5.4 Testing of Hypothesis Two

The study sought to test the existence of the relationship between internal- reactive factors and initial export market participation among MSEs in the commercial craft sector in Kenya. To establish this, the null hypothesis that there is no relationship between internal- reactive factors and initial export market participation among MSEs in the commercial craft sector in Kenya was tested against the alternate hypothesis that there is a relationship between internal- reactive factors and initial export market participation among MSEs in the commercial craft sector in Kenya.

Table 4.14: Testing of Hypothesis Two

		Initial Export Market Participation	Internal Reactive Factors	Deductions
Initial Export Market Participation	Correlation Coefficient (Spearman's rho)	1.000	-.116	Negative
	Sig. (P-Value)	.	.482	Accept H ₀
Internal Reactive Factors	Correlation Coefficient Spearman's rho	-.116	1.000	Negative
	Sig. (P-Value)	.482	.	Accept H ₀

Source: Researcher (2012)

The findings in table 4.14 shows a negative correlation coefficient ($r = -0.1160$; $p = .482$) which is not statistically significant ($P > 0.05$). This leads to accepting the null hypothesis that there is no relationship between internal-reactive factors and initial export market participation among MSEs in the commercial craft sector in Kenya. This means that on overall, internal-reactive factors were negatively related to initial export market participation among MSEs in the commercial craft sector. The non-significant value of correlation coefficient ($P > 0.05$) implies that the two variables that is, internal-reactive factors and initial export market participation are not linearly related. The results of the study contradict findings of previous studies like Zafurullah et al., (1998), and Bell and Young, (1998) who have long recognized the important effect of internal reactive factors in influencing firms export participation.

However it's worth noting that such findings have largely been done in more developed economies like the USA and therefore giving support to the present study's proposition and findings that suggest a predominance of internal proactive factors.

4.6. Summary of the Results of Hypothesis Testing

The study sought to test four hypotheses as per section 1.4. The results of hypothesis testing are summarized in table 4.19

Table 4.19 Results of Hypothesis Testing

Hypothesis	construct	Results	explanation
HO_1	Internal proactive factors	Reject	Internal proactive factors have a positive and statistically significant effect on initial export market participation among MSEs in the commercial craft sector in Kenya.
HO_2	Internal Reactive factors	Accept	Internal reactive factors have no statistically significant relationship with initial export market participation among MSEs in the commercial craft sector in Kenya.

Source: Researcher (2012)

Conclusions And Policy Recommendations

5.1. Summary

The first objective of the study was to determine the effect of internal proactive factors on initial export market participation. The findings of the study reveal that generally internal proactive factors are positively influenced the MSEs decision to initiate export market participation. This lead to rejecting the null hypothesis and accepting the alternative hypothesis that, there is a relationship between internal proactive factors and initial export market participation among MSEs in the commercial craft sector in Kenya. The second objective of the study was to investigate the influence of internal reactive factors on initial export market participation among MSEs in the commercial craft sector in Kenya. The results of the study revealed a negative insignificant relationship between internal reactive factors and initial export market participation among MSEs in the commercial craft sector in Kenya. This implies that generally, internal reactive factors do not influence the MSEs decision to initiate export market participation. This led to accept the null that there is no relationship between internal reactive factors and initial export market participation among MSEs in the commercial craft sector in Kenya.

5.2. Conclusions

The role of exports in economic development has been widely acknowledged globally due to potential to stimulate growth in a number of ways including production and demand linkages, economies of scale due to larger international markets, increased efficiency, adoption of superior technologies embodied in foreign-produced capital goods, learning effects and improvement of human resources, increased productivity through specialization and creation of employment (Were, 2002). Kenya export sector holds enormous potential in realization of the countries vision 2030, as the volume of world exports has continued to rise over time. In order for Kenya firms to achieve competitiveness in the global marketplace, there is need to understand of the factors that influence their export participation.

Review of extant literature on export market participation reveals inadequate studies on initial export market participation in developing countries, with the focus of most studies being more developed economies. Further, despite the recognition of the contribution of MSE sector in economic development especially in developing countries very little has been documented on their export market participation. Among the existing studies, many have focused on the barriers to export market. This leaves a gap in the body of knowledge on the determinants of initial export market participation. It is on this premise that the current study was conceptualised to investigate the determinants of initial export market participation among MSEs in the commercial craft sector in Kenya.

Review of various studies and existing government trade statistics show there is an increasing participation of MSEs in the export market. The findings of this study revealed that MSEs in the commercial craft sector are influenced to initiate export market participation largely by proactive factors. To realize the full potential of MSEs in the global market place, measure need to be put in place to create awareness promote the development of such factors as a way of helping more MSEs to initiate and sustain export market participation.

5.3. Policy Recommendations

Among the policy issues coming from the findings of this study is the need for identification and greater appreciation of the unique differences in the type of determinants of initial export market participation between developed countries and developing countries like Kenya. With such a realisation, policy makers and governments of developing countries should base their policy development on empirical findings from developing economies instead of generalising the findings from developed countries to apply to their case while the economic other situations are different. The findings of this study are therefore important to the policy makers in the Kenyan government particularly key decision makers in the department of external trade in the ministry of trade and the export promotion council, as a guide in developing relevant policy guidelines for promoting participation of MSEs in export market.

The results of this study are also important to other government agencies like the Kenya investment authority (KenInvest) as a basis for promoting investment opportunities in production, commercialisation and particularly exporting of the commercial craft. This can be done through encouraging linkages between MSEs in the commercial craft sector with large firms and particularly export intermediaries to help bridge the knowledge gap among MSEs seeking to export their products. The importance of the key determinants of export participation is not relevant until they can to the attention of the key decision makers of the target firms. The findings of this study are therefore important to the Association of Makers and Exporters of Gifts and Allied articles of Kenya (AMEGA) in lobbying for policy development to help their members. The association can also use the findings of this study as a basis for development of sensitization campaigns among their members and particularly those not actively exporting, to enable them initiate export market participation.

The results of the study are important to the owner/managers of the MSEs in Kenya and other developing countries as a basis for appreciating and acting on the key factors that can influence their decision to initiate export market participation. Given the relative importance of proactive factors as the main determinants influencing MSEs to initiate export market participation in Kenya, policy makers are urged to prioritize export promotion programmes that would seek to improve the firms' internal competences in identification and acting on such market knowledge.

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Appendix A: Questionnaire

(I would like to share the findings of this survey (a) YES [] (b) NO [])

General Instructions: The Purpose of this Questionnaire is to collect data on “the determinants of initial export market participation among MSE in the commercial craft sector in Kenya”. The questionnaire consists of four sections. Please respond to every statement.

SECTION A: GENERAL QUESTIONS

1. Respondents Name (optional):-----
2. What is your gender: Male [] Female []
3. What is your age blanket:(1) Less than 20[, (2) 21-30 [, (3) 31-40 [, (4) 41-50 [, (5) over 50
4. What is your highest level of education completed: (1) High school [, (2) Diploma [, (3) Bachelors [, (4) Masters [, (5) PhD [, (6) other (specify): -----
5. Name of Business :-----
6. Date of Establishment :-----
7. Location of Business :-----
8. Specific type of Products :-----
9. Number of employees in your firm :-----

Section B: Level of Export Market Participation

10. When did you commence exporting your products :-----
11. What mode of exporting do you use?
Direct exporting [] domestic export agents [] foreign export agents [] overseas sales office [] others []
(specify).....
12. How frequently do you export your products
Weekly [] monthly [] quarterly [] biannually [] yearly [] other (specify): -----
13. How much on average do you export on monthly basis (in Kshs)?

14. What is your annual turnover?
15. Which statement best describes the level of exports participation in your company?
 75% of our products are exported
 50% of the products are exported
 25% of the products are exported

16. Was export marketing participation in your firm’s original business plan?

Yes No

17. What percentage of the total sales revenue is accounted for by exporting?

1. Less than 10% , 2. 11-20% , 3. 21-30% , 4. 31-40% , 5. 41-50% ,
6. 51-60% , 7. 61-70 , 8. 71-80%, 9. Over 80%

Section C: Internal Proactive Factors

18. In a scale of 1-5 rates the extent to which *need to achieve economies of scale* influenced your decision to initiate export participation.

Very great extent <input type="checkbox"/>	Great extent <input type="checkbox"/>	Some extent <input type="checkbox"/>	Little extent <input type="checkbox"/>	No extent <input type="checkbox"/>
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19. In a scale of 1-5 rate the extent to which *special management interest in export marketing* influenced your firm to initiate export market participation.

Very great extent <input type="checkbox"/>	Great extent <input type="checkbox"/>	Some extent <input type="checkbox"/>	Little extent <input type="checkbox"/>	No extent <input type="checkbox"/>
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20. In a scale of 1-5, rate the extent to which *possession of competitive advantage* influenced your decision to initiate export market participation.

Very great extent <input type="checkbox"/>	Great extent <input type="checkbox"/>	Some extent <input type="checkbox"/>	Little extent <input type="checkbox"/>	No extent <input type="checkbox"/>
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21. To what extent you your rate the *need to exploit potential growth* to have influenced your firm decision to initiate export market participation

Very great extent <input type="checkbox"/>	Great extent <input type="checkbox"/>	Some extent <input type="checkbox"/>	Little extent <input type="checkbox"/>	No extent <input type="checkbox"/>
---	--	---	---	---------------------------------------

22. In a scale of 1-5, rate the extent to which *production of goods with unique qualities* influenced your decision to initiate export market participation

Very great extent <input type="checkbox"/>	Great extent <input type="checkbox"/>	Some extent <input type="checkbox"/>	Little extent <input type="checkbox"/>	No extent <input type="checkbox"/>
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Section D: Internal Reactive Factors

23. To what extent did the *need to dispose off accumulated orders* influence your decision to initiate export market participation?

Very great extent <input type="checkbox"/>	Great extent <input type="checkbox"/>	Some extent <input type="checkbox"/>	Little extent <input type="checkbox"/>	No extent <input type="checkbox"/>
---	--	---	---	---------------------------------------

24. To what extent did the *need to utilize excess production capacity* influence your decision to initiate export market participation?

Very great extent <input type="checkbox"/>	Great extent <input type="checkbox"/>	Some extent <input type="checkbox"/>	Little extent <input type="checkbox"/>	No extent <input type="checkbox"/>
---	--	---	---	---------------------------------------

25. To what extent did *the need to maintain sales during low demand seasons* influence your decision to initiate export market participation?

Very great extent []	Great extent []	Some extent []	Little extent []	No extent []
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26. To what extent did *the need to reduce dependence on domestic market* influence your decision to initiate export market participation.

Very great extent []	Great extent []	Some extent []	Little extent []	No extent []
-------------------------	--------------------	-------------------	---------------------	-----------------

27. To what extent did the *need to offset stagnation in domestic sales* influence your decision to initiate export market participation

Very great extent []	Great extent []	Some extent []	Little extent []	No extent []
-------------------------	--------------------	-------------------	---------------------	-----------------

Section E: External Reactive Factors

28. To what extent did *encouragement by external agents like export promotion council* influence your decision to initiate export market participation

Very great extent []	Great extent []	Some extent []	Little extent []	No extent []
-------------------------	--------------------	-------------------	---------------------	-----------------

29. To what extent did *identification of better opportunities abroad* influence your decision to initiate export market participation?

Very great extent []	Great extent []	Some extent []	Little extent []	No extent []
-------------------------	--------------------	-------------------	---------------------	-----------------

30. To what extent did *possession of exclusive information on foreign markets* influence your decision to initiate export market participation?

Very great extent []	Great extent []	Some extent []	Little extent []	No extent []
-------------------------	--------------------	-------------------	---------------------	-----------------

31. To what extent did *provision of government export oriented incentives* influence your decision to initiate export market participation?

Very great extent []	Great extent []	Some extent []	Little extent []	No extent []
-------------------------	--------------------	-------------------	---------------------	-----------------

32. To what extent did the *receipt of orders from foreign trade fairs or missions* influence your decision to initiate export market participation?

Very great extent []	Great extent []	Some extent []	Little extent []	No extent []
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Section F: External Reactive Factors

33. To what extent did the *initiation of exports by domestic competitors* influence your decision to initiate export market participation

Very great extent []	Great extent []	Some extent []	Little extent []	No extent []
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34. To what extent has *intense completion in the domestic market* influenced your decision to initiate export market participation.

Very great extent []	Great extent []	Some extent []	Little extent []	No extent []
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35. To what extent has *prevalence of favourable foreign exchange rates* influenced your decision to initiate export market participation.

Very great extent []	Great extent []	Some extent []	Little extent []	No extent []
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36. To what extent did *receipt of unsolicited orders from abroad* influence your decision to initiate export market participation?

Very great extent []	Great extent []	Some extent []	Little extent []	No extent []
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37. To what extent did *shrinkage of domestic markets* influence your decision to initiate export market participation?

Very great extent []	Great extent []	Some extent []	Little extent []	No extent []
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Thank you for your time and the information

APPENDIX B: LIST OF COMMERCIAL CRAFT MSEs REGISTERED WITH EPC

List of commercial craft MSEs registered with export promotion council as at 31st December 2010			
Name	District	Zone	Email
Ndiuni-One-Inu	Kikuyu	1	ckiwara2002@yahoo.com
Zaina Agencies	Kikuyu	1	wahome.m@gmail.com
Abantu and Ethnic	Nairobi	1	marybeatann@yahoo.com
ACORN Special Tutorials/ National Autistic Center	Nairobi	1	acorn@clubinternetk.com
Africa Clay & Arts	Nairobi	1	rkchakava@africanonline.co.ke
African Artifacts Expo Ltd.	Nairobi	1	johniyad@yahoo.com
African Touch Gallery	Nairobi	1	info@africantouchgallery.com
Afrique Boutique	Nairobi	1	safarishop@boraborafrica.com
Allure Ventures	Nairobi	1	allureventure@gmail.com
Amazing Crafts Centre	Nairobi	1	handcraftcentre2004@yahoo.com
Andy Woven Fly Company	Nairobi	1	andywovenfly@yahoo.com
Anyole International Investments	Nairobi	1	mary_achieng@yahoo.com
Art Colours of Africa	Nairobi	1	jmuchina@yahoo.com
Artworld Creations	Nairobi	1	jnoenga@yahoo.com
Aslac Products	Nairobi	1	twamere@yahoo.com
A-Z Range of African Art & Jewellery	Nairobi	1	a_zaffricanart@yahoo.com
Baraka Art & Decor	Nairobi	1	barakadecor@yahoo.ca
Bawa la Tumaini	Nairobi	1	info@bawalatumaini.com
Beacon of Hope	Nairobi	1	info@beaconafrica.org
BeadAfrica LTD	Nairobi	1	asaaska@yahoo.com
Beaux Morides Agency	Nairobi	1	pamelabie@yahoo.com
Beriam Artcraft Designs	Nairobi	1	mbatib@gmail.com
Bluesky	Nairobi	1	cliffexx@gmail.com
CISMARA Handicraft LTD	Nairobi	1	benardtwala@gmail.com
Colour Creations Limited	Nairobi	1	eva@taurus-africa.com
Cross Border Networks	Nairobi	1	jkkezzy@yahoo.com
DK Borante Arts & Crafts	Nairobi	1	dkborante@yahoo.com
Dune Enterprise	Nairobi	1	dune_asi@yahoo.co.uk
Dunga Cattle Industries	Nairobi	1	dunga_cottageindustries@yahoo.com
Elsa Export and Import Co. Ltd	Nairobi	1	elsaexpo@gmail.com
Embody Accessories	Nairobi	1	evlyn@embody-accessories.com
Embu Weavers	Nairobi	1	alinabenson_weavers@yahoo.com
Enkaya African Ornaments & Home Crafts I	Nairobi	1	enkayaornaments@gmail.com
Ethical Earth	Nairobi	1	ndindalilly@gmail.com
Eves Bayou (K) Ltd	Nairobi	1	facelift@wananchi.com
Geotim Ltd	Nairobi	1	georgemwmangic@gmail.com
Gesare Investments	Nairobi	1	j_mainye@yahoo.com
Grape Enterprises	Nairobi	1	grapeenterprises@yahoo.com
Graus Limited	Nairobi	1	evawandia@yahoo.com
Greenfield All Star	Nairobi	1	pmadaraka@yahoo.co.uk
Gucha Handcrafts	Nairobi	1	guchacrafts@yahoo.com
Handicrafts Place (Amazing Crafts)	Nairobi	1	handcraftcentre2004@yahoo.com
Heart For the Nations	Nairobi	1	volawford2002@yahoo.com
Ice East Africa Ltd.	Nairobi	1	paula@ice-ea.co.ke
Imara Designers	Nairobi	1	somethingafrican@yahoo.com
Inderema Women Group	Nairobi	1	mobrama@yahoo.com

in-D-zine Africa	Nairobi	1	indizineafrika@yahoo.com
Intelligent Ideas International	Nairobi	1	ekobare@yahoo.com
Intrinsic Falconry Fashion	Nairobi	1	jodenyo@yahoo.com
Ivy Enterprises	Nairobi	1	dimaliga@yahoo.com
Jade Company	Nairobi	1	info@jadecompany.co.ke
Joeson Investment	Nairobi	1	diligence280@yahoo.com
Joneah Enterprises	Nairobi	1	jominde@nationalbank.co.ke
Jorova Crafts Kenya	Nairobi	1	zorovacrafts@yahoo.com
Josca Traders	Nairobi	1	joscatraders@gmail.com
Kasim Crafts	Nairobi	1	kasimcrafts2000@yahoo.com
KAZANA	Nairobi	1	kazana77@yahoo.com
Kazana (K) Limited	Nairobi	1	kazana@clubinternetk.com
Kibera Women Network	Nairobi	1	kiberawomenn@yahoo.com
KickStart International	nairobi	1	kenyasales@kickstart.org
Kisii Soapstone Exporters	Nairobi	1	info@kisiisoapstone-expo.com
Kivuli Center	Nairobi	1	kivulifairtrade@hotmail.com
Legend Lapidary Limited	Nairobi	1	enquiry@legendlap.com
Lemayian Africa	Nairobi	1	allmerc2000@yahoo.com
Lumo Traders	Nairobi	1	khakalim2004@yahoo.com
Makonde Art Gallery	Nairobi	1	wanjikumary21@yahoo.com
Malindi Handicrafts	Nairobi	1	info@kenyagatsby.org
Mandalala General Hardwares	Nairobi	1	jmbogua@yahoo.com
Masai Village Crafts And Weavers Limited	Nairobi	1	nyagahbecky@yahoo.com
Megstar Enterprises	Nairobi	1	maggythuku09@yahoo.com
Millenium Merchants	Nairobi	1	bilmarc2010@yahoo.com
Mkeka Crafts	Nairobi	1	info@mkekacrafts.com
Monda African Art limited	Nairobi	1	carolmonda@yahoo.com
Musonge Curios and Handcraft	Nairobi	1	zippymuti@yahoo.com
Mwende Gen. Store	Nairobi	1	masyoka@yahoo.com
Ndiki Crafts Exporters	Nairobi	1	ndikiexporters@yahoo.com
Nesbith Holding Ltd.	Nairobi	1	anesbith@yahoo.com
Ngalwa Investments	Nairobi	1	nyikurib@gmail.com
Not available	Nairobi	1	matimukabi@yahoo.com
Not Defined	Nairobi	1	tabygerry@yahoo.com
Not Defined	Nairobi	1	dominickamunyu@yahoo.com
Obadiah & Allan	Nairobi	1	onchebere04@yahoo.com
Oligerm enterprise	Nairobi	1	mbararose@yahoo.com
Omusi Crafts Enterprise	Nairobi	1	micdr2002@yahoo.com
Peniel Art Collection	Nairobi	1	missy_ciru@yahoo.com
Perfection Plus Ltd.	Nairobi	1	info@pplusart.art
Priffanic Creations Ltd.	Nairobi	1	janet.khaniri@yahoo.com
Products Outlets Investment	Nairobi	1	stveronica7@yahoo.com
Quill Crafts	Nairobi	1	tinakay_za@yahoo.com
Rich Dad Investments	Nairobi	1	richdadinvestments@yahoo.com
Rinda Boutique & Crafts	Nairobi	1	herafrica@gmail.com
Ruatech Enterprises Ltd.	Nairobi	1	enquiries@ruatech.com
Seneiya African Beads	Nairobi	1	seneiya2007@gmail.com
Sheffield Steel System	Nairobi	1	ebusiness@sheffieldkenya.com
Shona Enterprises	NAIROBI	1	shonalorna@yahoo.com
South Chemicals Laboratories	Nairobi	1	southclabs@gmail.com
Stamet Products	Nairobi	1	wahome.m@gmail.com
Stan Kenya Designers	Nairobi	1	kirginyon@yahoo.com

Stekawa Export & Import	Nairobi	1	maryomumia@hotmail.com
Talent Crafts	Nairobi	1	mbatharaphael@yahoo.com
Tellus Contractors Limited	Nairobi	1	info@telluscontractors.com
Timanto Technical Services	Nairobi	1	nyaguthik@yahoo.com
Undugu Society of Kenya	Nairobi	1	fred.masinde@undugufairtrade.co.ke
Wajane Maskini	Nairobi	1	adhishellyo08@yahoo.com
Wambugu Crafts	Nairobi	1	kelymo2002@yahoo.com
Wamu Fly Company	Nairobi	1	hilda_wairimu@yahoo.com
Wananchi Crafts	Nairobi	1	mapudo@hotmail.com
Wesutsa Arts Kenya	Nairobi	1	wesutsa@westartskenya.com
Wikya Akala Project	Nairobi	1	francis@ecosandals.com
Women Shadow parliament	Nairobi	1	info@womenshadowparliament.org
Worldlink Curio Crafts Exhibitors & Promoters	Nairobi	1	worldlinkcurio@yahoo.com
Zabib Agencies	Nairobi	1	gkawai@yahoo.com
Crystal Company	Karen,	1	patrickkinyua2000@yahoo.com
Namayiana Maasai Women's Group	Ngong	1	namaiyianaoloshobor@yahoo.com
Christine Angila Enterprises	Rongai	1	nyokeyo@yahoo.com
Makambu Investments/Honey Refinery	Nairobi,Ngong	1	makambuhoney@yahoo.com
House of Alimons Creations Ltd	Nakuru	2	alimons2002@yahoo.com
Kenafro Crafts	Nakuru	2	namiti_s@yahoo.com
Itumbe Forest Women Group	Kisii	2	itumbewomen@yahoo.com
Sasuri Cottage Industries	Kisii	2	mgesicho@yahoo.com
Smolart Self Help Group	Kisii	2	smolart2000@yahoo.com
Tabaka Muungano Artisan	Kisii	2	tabakamuunganoartisan@mail.com
Kamumo Products	Machakos	3	kamumoproducts@yahoo.com
Machakos District Cooperative Union	Machakos	3	mcuexpu@kenyaweb.com
Modern African Image Attire	Machakos	3	jennedel2001@yahoo.com
Nzau & Associates	Machakos	3	Jockhanam@yahoo.com
Shalom Women Group	Makueni	3	info@shalom.co.ke
Bwango Self Help Group	Malindi	4	bwangoselfhelp@yahoo.com
Malindi Tourist Market	Malindi	4	info@malinditourist.co.ke
Bombolulu Handicrafts Centre	Mombasa	4	apdkbom@africaonline.co.ke
Manoso Palm International	Mombasa	4	palminternational3@yahoo.com
Mavisa Carvers & Exporters	Mombasa	4	mavisacarvers@yahoo.com
NMK - Swahili Cultural Centre	Mombasa	4	hafidhnajash@yahoo.com
Pijo Crafts	Mombasa	4	pijo_crafts@yahoo.com
Revelo Links	Mombasa	4	aumale617@gmail.com
Shanzu Transitional Workshop for Disabled Young Women	Mombasa	4	shanzuworkshop@yahoo.com
Zizi Designs Ltd	Mombasa	4	lawnes@africaonline.co.ke
Wamunyu Handicraft Co-op Society	Mwala District	4	wamunyuhandicrafts@gmail.com
Diani Tourism Handicraft Industry	Ukunda	4	dianitourism@yahoo.com
Ukunda Youth Polytechnic	Ukunda	4	ukundayp@yahoo.com