

**AN INVESTIGATION OF THE SIGNIFICANCE OF TRAINING FOR SKILLS REQUIRED TO
BE EFFECTIVE IN EXPORT MARKETING BY SMALL AND MICRO ENTERPRISES (SMES)
EXPORTING LOCALLY MANUFACTURED PRODUCTS IN KENYA**

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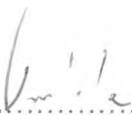
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**A MANAGEMENT RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILMENT OF THE
REQUIREMENTS OF THE DEGREE OF MASTER IN BUSINESS ADMINISTRATION,
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DECLARATION

This Management Research Project is my original work and has not been presented for a degree in any other university.

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This Management Research Project has been submitted for examination with my approval as the university supervisor

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DEDICATION

I dedicate this paper to my Dad who shaped my dreams. Dad, I honor you even in your sleep.

ACKNOWLEDGEMENTS

I wish to express my sincere and unalloyed gratitude to my supervisor, Dr. John Yabs for reading, criticizing and contributing to this work constructively.

My sincere thanks go to my Dear Wife Haminah Kathambi for her invaluable support. Indeed, she was wonderful in her contribution. To my sons, Mumo and Wendo for keeping me in their prayers.

I am grateful to my dear Mum for her love and prayers.

Above all, I am most grateful to the ALMIGHTY GOD for strength to complete this work.

ABSTRACT

Export marketing skills are important ingredients for every company in today's global economy. This study sought to identify the significance of training for skills required to be effective in export marketing by Small and Micro-enterprises (SMEs) in Kenya exporting locally manufactured goods.

Data were collected, regarding skill importance, and degree of possession of those skills through two participant samples drawn from fifty SMEs exporting locally manufactured goods. The first sample comprised fifty owners/managers of the SME firms who were surveyed regarding the skill importance, and second sample comprised fifty employees of the participating SMEs who indicated the degree to which they possessed the identified skills. Possession ratings were compared across importance ratings, in a way that allowed skill-based areas for training programs to be prioritized.

An extensive review of the literature was completed relative to determining which skills are required for effective export marketing. The literature provided several organizational frameworks, which focused on general elements of export marketing.

Thirty five skills were identified as necessary for effective export marketing, and were classified into, and analyzed within categories - (1) planning and operational skills; (2) pricing skills; (3) promotional skills; (4) product skills; and (5) distribution skills. Twenty-two of the skills were rated as being highly important, thirteen were rated as being of medium importance and none were rated as being of low importance. Possession ratings were compared across importance ratings, which identified twenty-seven export marketing skills as training priorities.

There were two major managerial implications based on the findings: (1) Implications relating to the degree that small and medium-sized actively exporting companies may participate in export marketing training programs; and (2) export planning and operations skills as well as promotional skills should be the topics most emphasized when offering export marketing training programs.

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LIST OF ABBREVIATIONS

SME	Small and Micro-Enterprise
EPC	Export Promotion Council
JICA	Japan International Cooperation Agency
EAC	East African Community
COMESA	Common Market for East and South Africa
ACP-EU	Africa Caribbean Pacific-European Union
NGO	Non-Governmental Organization

CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

Business organizations, whether big or small have found it necessary in recent years to engage in exporting in order to achieve their corporate goals. Ideally, export activities stimulate growth in a number of ways including spreading business risks across different markets and ventures; improving technological, quality, and service standards in the organization; generating more revenues and funds for reinvestment and further growth; exploiting idle operating capacity and improving production efficiency; and attracting and rewarding shareholders and employees through the creation of a better profit base (Czinkota and Ronkainen 2001). This calls for export practitioners to be competent in export marketing to enhance the export performance of their firms. Promotion of SME export performance through intensive entrepreneur training for exporting skills is emerging a critical strategy by developing countries to boost the competitiveness of SMEs in the new global market. The significance of training for skills required for effectiveness in export marketing by Small and Micro Enterprises (SMEs) forms the basis for this study.

The fast pace of change in today's international markets demands continuous training throughout a person's career. According to Little(1987) and Schmitz (1996), for SMEs in developing countries to achieve development in export marketing they must exploit their widely held advantages in income growth, entrepreneurial training, creation of technological capabilities, job creation and lower wage inequality and dispersion of industry away from urban areas and regional development. In addition, they must be simultaneously responsive to local and global market conditions, within the context of being supportive of the businesses' own overall strategies (Toyne et al 1993). Wignaraja (2003), while discussing the needs for SMEs to enhance export performance has this to say, "In addition to the firm level strategies undertaken by the SMEs themselves, equally important for success is a coherent national strategy for promoting SMEs competitiveness... that must be informed by current and future competitive advantage of a national economy. However, this alone is not enough. To be truly successful, there is need for good practice strategies that must emphasize among other elements, increased training at SME-level including assistance for SME associations to launch training schemes, information campaigns to educate SMEs

about the benefits of training, tax breaks for training and specialist entrepreneur development courses at existing universities and polytechnics”.

Export training for the employees increases the performance of companies in the marketplace. According to Samiee and Walters (2002), regular exporters who have progressed further in terms of export sales and years of exporting experience are, on average, most interested in education programs. Human resource management in companies takes the responsibility of properly preparing employees with export skills and knowledge to do their activities in international markets. Gomez-Meijja (1988) argues that the initiatives carried out by human resource management for this task ranges from simple job training for lower-level employees to long-term development of senior employees. For this reason, the human resource management should integrate the development of export skills and knowledge of their employees with career planning and company strategy.

1.2 A Brief Review of Kenya's Export Performance

Kenya's trade policy has evolved from a protected producer economy in the pre-colonial era to a trade liberalized economy brought about by a phased tariff reduction and rationalization of the tariff bands in the 1990s (Were et al 2002). To accelerate export led growth, the government has undertaken comprehensive trade reforms within the context of EAC and COMESA, and has secured market access through exploitation of trade Negotiations under the ACP-EU umbrella and other platforms. This is in addition to the effort by the government towards the diversification of the export sector. As a result Kenya's export earnings have grown tremendously. According to the Economic survey (2008), Kenya's domestic exports totaled Ksh 261.62 Billion in the year 2007 compared to Ksh 228.1 in the year 2006 and Ksh. 145.7 Billion in the year 2001.

The leading market for Kenya's exports is Africa, taking a 47.5 percent share of all exports in 2007. Uganda and Tanzania are Kenya's top customers. COMESA takes up more than 65.5 percent of the total exports to Africa with exports to the EAC having grown by 20.8 percent in the year 2007.

Kenya's next largest market is Europe which absorbed 26.4 percent of its Exports in 2007. The major customers were the United Kingdom, the Netherlands, Germany and

France with a value of nearly Ksh 57 billion. This was made up of mainly agricultural products, with vegetable products accounting for 72.8 percent of EU imports from Kenya. According to Wagacha (2000), the share of manufactured exports has not only remained small but has also been declining. Consequently, export growth of locally manufactured goods has been highly erratic, based on fluctuations in earnings from a few traditional primary exports and the tourism sector.

1.3 Overview of the SME Export Sector in Kenya

There are no generally accepted definitions of SMEs. Some scholars use the asset base as the defining rod, some use turn-over levels, some use the number of employees, while others use some combination of the three criteria. The Government of Kenya uses the number of employees as the criterion for distinguishing SMEs from non-SMEs and defines a SME as any enterprise with fewer than 50 employees engaged in trade, commerce, distribution, transport, agribusiness, manufacturing and repairs and maintenance (Mwarania 1993). For the purpose of this study, the definition of a SME according to the Government of Kenya will be adopted.

Evidence suggests that the SME sector is one of the fastest growing sectors in Kenya's economy and special efforts have been made to facilitate its sustainable development. In a new bid to boost Kenya's exports, the Government of Japan through the Japan International Cooperation Agency (JICA) is funding a technical assistance program that aims at upgrading the entrepreneurship skills of Kenyan exporters. According to the EPC News Letter (2007), the program is being implemented by EPC in collaboration with JICA under the tag JICA/EPC Trade Training program for SME exporters. The objective of the program is to improve export skills within the SMEs with a view to improve their competitiveness in the international markets. Studies commissioned in 2005 by the Export Promotion Council (EPC) revealed that a large number of companies involved in the export trade, especially the SMEs had limited skills for carrying out export trade and most of them learn through trial and error, which is very expensive and few survive. The report further recommends that these export skill gaps by the SMEs required interventions through short and medium term courses on export marketing, export/import documentation, product development, packaging.

1.4 Statement of the Problem

Export marketing skills are important ingredients for every company; therefore it is vital to identify which skills are needed. After searching the literature, there seemed to be scanty studies regarding identification of the specific skills needed to be competent in export marketing. According to Balabanis, Theodosiou and Katsikea (2004), export marketing research over the last four decades has covered a number of theoretical and practical issues such as standardization and customization, export development processes, barriers to exporting and export performance. They further point out that the rapid technological, institutional, legislative, economic and attitudinal changes across the globe pose challenges for the future development of export marketing research. They also argue that the emergence of turbulent and hypercompetitive business environments calls for exporters to reconsider the bases and sustainability of their competitive advantage to overseas markets. In their study they conclude that future research should focus on the identification of the right export marketing capabilities that firms should develop or acquire, the ability to leverage or transfer them across markets, and the ability to constantly upgrade them using proper organizational learning routines with emphasis on the processes used to develop capability-based strategies and to manage relationships with international customers.

A study (Koskal 2006) was completed, however, to identify companies' export training needs, and to determine their preferences regarding exporting training subjects, methods, institutions and trainers. The study found that companies whether small or big need training in export marketing subjects as well as the technical and practical dimensions of exporting. The companies in the research ranked export experts as the most preferable type of trainer. The study was however carried out on companies operating in Turkey's Aegean Region and therefore, the findings cannot be generalized to fit all regions.

Given these distinct opinions regarding skills required for effective export marketing, there is a need, therefore, for exporting experts, both accomplished international marketers and academic researchers to determine the importance of each of the skills identified as being needed for effective export marketing.

The need exists not only to identify the skills necessary for effective export marketing and determine the importance of each of these skills, but also to pragmatically identify

the degree to which employees of SMEs have these skills. A need exists to identify the extent to which the employees perceive that they have the identified skills. These skills encompass more than just the technical aspects of export marketing. A means of identifying the gap between the skills these employees have and the skills they need, and an understanding of this gap is required before appropriate training programs can be developed.

1.5 Research Questions

1. What skills are identified as being needed to be effective in export marketing by SMEs exporting locally manufactured goods in Kenya?
2. What level of importance is attached to each of the identified skills?
3. To what degree do employees in Kenya's manufactured goods exporting SMEs perceive they have these skills?
4. What is the extent of gap between the skills employees in Kenya's exporting SMEs have and the skills identified as being needed to be effective in export marketing?

1.6 Objectives of the Study

The specific objectives of this study were to:

- (1) Identify the skills needed to be effective in export marketing by SMEs in Kenya exporting locally manufactured goods;
- (2) Identify the level of importance of each of these skills to SMEs exporting locally manufactured goods in Kenya;
- (3) Identify the degree to which these skills are present in employees of locally manufactured goods exporting SMEs in Kenya; and
- (4) Describe the gap between the skills these employees have and the skills they need.

1.7 Significance of the Study

The results of this study will be crucial to four major parties:

1. Small business managers, who can take suitable measures to boost their export competency especially needed at a time of rapidly changing global economy
2. Public policymakers, who can identify the areas where appropriate assistance should be given to individual small and medium exporters by government offices, chambers of commerce, and other organizations;
3. Business educators, who can develop and can implement special training programs, aiming to show ways of accommodating high-need skill areas
4. Exporting researchers, who can use the knowledge gained from this analysis to promote theory building in the field of exporting.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Exporting has become an important internationalisation strategy for both companies and international economies in the world markets, not least because of the expansion of globalisation and increasing integration among countries (Koskal, 2006). As said by Sanjay (*et. al.* 2002), “earlier, SMEs were operating in a protected environment, nowadays a direct consequence of globalisation is free trade flow and increasing competition”. Sanjay (*et. al.* 2002), further says, “along with foreign competition, domestic demand is changing over to better quality products at internationally competitive prices... which in turn, is creating pressures on SMEs to pay more attention to quality, price and delivery considerations”. While putting SMEs under pressure to be competitive, globalisation has also opened up new business opportunities amidst challenges. With domestic market opened to imports of variety of products, export is not any more a choice, but a compulsion for SMEs for their survival. Indeed the dynamism of today’s marketplace calls for managers with diverse skills (Bartlett and Ghoshal, 1992).

Internationalization has become a corporate necessity because today businesses "are beginning to realize that the firm that isn't thinking in terms of international trade should start thinking about going out of business" (Zodl, 1995) From a marketing context, the challenge has been one of "restructuring domestic marketing operations to compete internationally in larger, more disparate markets" (Denison and McDonald 1995). Appropriate training programs are required to meet the skill needs within a globally competitive environment; many organizations have prioritized employee-training efforts and have placed skill and labor needs alongside product and service development. Any company involved in cross-border trade needs to keep its staff continually updated, both in terms of the skills needed to do their jobs and to further their careers (Nemes 2005). Caution must be taken to ensure that training remains appropriate, because "training for training's sake" offers little potential, and in order for training "to be effective, it must be focused" (Denton, 1995).

2.2 The field of Export Marketing

In its broadest terms, "export marketing is considered as just one of the range of strategic options for profiting from international business" (Hill, 2003). To export means simply to send or carry abroad, especially for trade or sale (Paliwoda, 1993). And according to Gurney (2008), "export marketing is when a company tries to increase sales outside their domestic market whilst maintaining production within the country". Paliwoda (1993, p.29), has argued that the export marketing process which is the base of international marketing is different from that found in domestic markets. Albaum et al. (1994), concurs that export market is different from domestic marketing. They argue that the only differentiation between the definition of export marketing and the general definition of marketing is that "goods and services are marketed across political boundaries" (4). They go on to say that "this difference, however minor it may seem, requires a different approach to marketing management, solving marketing problems, developing marketing policies, and implementing marketing programs". A similar perspective has been stated by Hill (2003), that "marketing principles are no different in the international arena (than marketing in general)," however, differing environments in various countries "often cause managers to overlook important variables or to misinterpret information". Ball and McCulloch (2005) agree that the basic functions of domestic and international marketing are the same, but concede that the international marketing manager's task is [more] complex

Developing export markets requires a learning process for businesses. In the literature, various internationalization models for companies have been developed; the older and most well known is called the "stage or process model" (Paliwoda, 1993). According to this model, the adoption of exporting by companies occurs through a number of stages from "uninterested" to "committed" involvement in exporting. Most frequently a firm will enter export operations based on unsolicited order from abroad, or an offer from an agent or importer from abroad to represent the firm (Paul et. al. 1999). A large group of other influences into export marketing influences is said to push or pull these companies from one stage to the next. These could be internal – such as excess production capacity, having a unique product; or external – such as not enough domestic demand, lucrative foreign markets; or managerial – such as a more educated and experienced managerial team. A more general – and perhaps more

popular – description of internationalization is the Uppsala model devised by Wildersheim-Paul and Paliwonda (1993). According to the Uppsala model, the perceived high uncertainty of internationalization causes companies to begin the export process with the foreign country “physically” closest to them and with only small commitments of resources. With increasing foreign market experience, companies enter other countries that are increasingly dissimilar to theirs, and they are willing to commit more resources to foreign markets. Therefore, it can be said that both models base a company's internationalization process on incremental and continuous learning.

These models have, however, been criticized for being too deterministic. A new model in the recent literature, variously called “Born Globals,” “Global Start-ups,” “International New Ventures,” or “Instant Exporters,” suggested against the previous models, explains that some companies identify their market scope as international markets from inception (Anderson, 2004). In comparison with other export companies, they are more specialized and niche oriented, and their products tend to be either more highly customized or more standardized. They do not see foreign markets simply as adjuncts to the domestic market. They export to the countries in which they already have relationships to potential customers, or are particularly important for their specific market position. They generally rely more on collaboration with local firms because they do not have the resources to invest in sales subsidiaries. Sometimes they prefer selling their products directly. Hence, it can be claimed that born global companies require the accumulation of a significant amount of knowledge about new foreign markets.

One of the ways of transferring existing export knowledge to companies is to provide export training for the employees. This increases the performance of companies in the marketplace (Bansal et al., 2001). Samiee and Walters (2002) provided some evidence of a link between measures of export development and performance, interest in education, and the sporadic-regular exporter dichotomy. According to their findings, regular exporters who have progressed further in terms of export sales and years of exporting experience are, on average, most interested in education programs. Human resource management in companies takes the responsibility of properly preparing employees with export skills and knowledge to do their activities in international markets. Gomez-Meija (1988) argues that the initiatives carried out by human

resource management for this task ranges from simple job training for lower-level employees to long-term development of senior employees. For this reason, the human resource management should integrate the development of export skills and knowledge of their employees with career planning and company strategy.

2.3 Importance of Export Training to SMEs

Although export training enhances the performance of companies, there are only a limited number of studies investigating the subject in the literature. For example, Samiee and Walters (2002) explore the perceptions of exporting education in sporadic and regular exporting firms. Carrier (1999) studies the export training needs of small business owner-managers with the data from 15 companies. One of the factors affecting the performance of companies in the marketplace is the acquisition of information related to the market conditions and it also constitutes one of the vital sources of sustained competitive advantage for companies in the marketplace (Piercy et al., 1998). Acquiring relevant market information becomes much more important for companies entering unknown foreign markets.

Studies on the accelerated internationalization of new companies suggest that the ability to learn by actively seeking new knowledge about international markets is a strong factor differentiating successful companies from less successful ones (Craig and Douglas, 1996). Therefore, increasing exports and improving the export performance of companies significantly depends on their ability to increase and use export marketing expertise (Wang and Olsen, 2002). Together with the appropriate company culture, acquired marketing expertise will stay inside the company with the employees, be stored in the memory of the company and provide a competitive advantage in international markets. Sharmistha (1999) identified in his study that one of the export problems of Canadian manufacturers is the lack of in-house exporting expertise. In their study, Katsikeas and Morgan (1994) found that the lack of qualified export personnel, and experts in export consulting is one of the important barriers for the Greek food-exporting manufacturers to Germany. In the other study on the Turkish exporting companies by Tuncer and Uner (1993), it was determined that the lack of qualified export personnel is an inhibiting factor for entering new foreign markets. It is clear from these examples in the literature that export training is of paramount importance if companies are to increase their international trade.

2.4 Export Training Requirements

The nature and content of export training programs depend on the employees' needs. An analysis identifying the training needs of employees and the additional skills and knowledge they require for achieving a higher standard of work should be carried out (Cellich, 1992). In the identification of training needs, it is useful to differentiate the export problems that can be solved through training and the problems that require other types of actions in order to measure the effectiveness of training.

Training programs should focus largely on problem solving. It is suggested that participants should use every technique learned in solving their company problems after every module. SMEs, however, are more interested in learning the practical aspects of exporting than establishing an export structure and developing an export strategy (Samiee and Walters, 2002). In a Canadian study (Carrier, 1999), it was found that not all company owners and managers preferred the traditional lecturing method practiced in most universities and colleges since it takes a substantially long time and classrooms are too crowded. The same study identified that 80 percent of the participants preferred an active training format wherein the trainees can ask questions, discuss the issues with the other trainees and trainers and test out some of their export skills and knowledge. The participants in the same study suggested that a course program including conferences, workshops, case studies and discussions with export experts could be most beneficial. Cellich (1992) suggests that an appropriate teaching mix for senior executives would be presentations, business games, group discussions, and computer-based applications, whereas for junior company staff, lectures, case studies, and group projects should be used more extensively. Samiee and Walters (2002) explain that exporting education needs to be seen as a complement to export know-how gained on the job, which means that an experiential component, in addition to the content-based material, should be included in the export education process.

Export training can be provided by different sources such as universities, consultancy companies, chambers of trade and industry and export promotion centers or institutions. When providing training, export promotion centers should take additional responsibility since their foundation purpose is to help and assist companies export, and also because training is one of the main export assistance methods which companies need. In the literature, there are many examples of such initiatives in both developed and developing countries (Cellich, 1992)

The effectiveness of export training programs should be evaluated periodically in order to determine their efficacy (Roberts, 1990). Identifying realistic and measurable training goals before starting the program makes the evaluation process much easier. Evaluating the effectiveness of export training programs gives significant opportunities to both parties.

2.5 Identification of Export Marketing Skills

An extensive review of the literature was completed relative to determining which skills are needed for effective international marketing. The literature provided several organizational frameworks which focused on general elements of export marketing: Twenty three critical business areas for small exporting firms are presented by Paliwoda (1993 p. 127), Thirty-four elements are drawn by Leonidou (2004) and classified as operational and marketing activities; while fifteen similarly fashioned elements of export marketing by SMEs are illustrated by Lutz and Tesfom (2006).

The literature, however, did not seem to provide any framework focused particularly on skills. This study used the traditional four Ps of marketing, and added planning, as skill categories: (1) planning and operational skills; (2) pricing skills; (3) product skills; (4) distribution skills (place), and (5) promotion skills.

Content validation was used as a tool to develop a list of skills needed for effective export marketing. This process involves identifying independent variables based upon the regularity with which they appear in the scholarly literatures. The result of the consensual validation was a list of thirty skills, which were validated across a wide range of authors. Each of the skills was extracted from the available scholarly literature and was validated across multiple sources. The skill categories, and the skills identified within them, are presented in Table 1.

Table 1: Category of Skills Required for Effective Export Marketing, and the Respective Skills Identified from the Literature

Skill Category	Skill – The ability to: _____
Planning and Operational Skills	<ol style="list-style-type: none"> 1. Design export-marketing plan 2. Identify Foreign Business Opportunities 3. Ability to Contact Overseas Customers 4. Ability to conduct a foreign market Competitive Analysis 5. Ability to Design a Management Information System 6. Ability to Develop Insights Concerning Foreign Individual and Group Buying Behaviors 7. Assess Export Marketing Training Needs 8. Adapt to Foreign Business Practices and Protocol 9. Speak a Foreign Language 10. Analyze Foreign Market Shares 11. Assess Foreign Market Legal Environment Implications 12. Analyze Export Government Regulations (Costs/Risks) 13. Analyze Human Resource Tasks and Design Appropriate Organizational Structure 14. Segment Export Markets 15. Evaluate the Effectiveness of Export Marketing Activities 16. Set Overall Pricing for Export Markets 17. Forecast Profits and Revenue Related to Foreign Markets
Pricing Skills	<ol style="list-style-type: none"> 18. Use Appropriate Trade Financing Programs 19. Access Home Government Incentives for Exporting 20. Deal with High Tariff and Nontariff Barriers
Product Skills	<ol style="list-style-type: none"> 21. Develop New Products for Foreign Markets. 22. Adapt Export Product Design/Style. 23. Meet Export-Product Quality Standards/Specification 24. Meet Export Packaging/Labeling Requirements.
Distribution Skills	<ol style="list-style-type: none"> 25. Use Appropriate Export Market Entry Alternatives 26. Obtain Reliable Foreign Representation. 27. Maintain Control over Foreign Middlemen 28. Manage Exporting Procedures/Documentation
Promotional skills	<ol style="list-style-type: none"> 29. Select Appropriate Promotional Mix 30. Select Appropriate International Advertising Agency

2.5.1 Planning and Operational Skills

Skill 1: Ability to design an appropriate export-marketing plan

Firm capabilities and constraints profoundly influence their choice of marketing strategy and ability to execute that marketing strategy (Porter, 1985). “Management plays a critical role in selecting, entering, and expanding into foreign markets; in designing export-marketing strategies; and in conducting business with overseas customers” (Leonidou, 2004). However, in smaller firms, business decisions usually are taken by a single decision-maker, who lacks the time to deal with activities other than those taking place in the home market.

Skill 2: Ability to Identify Foreign Business Opportunities

A skillful exporter will identify opportunities in the export market, develop appropriate export marketing strategy and execute it effectively (Lutz, 2006). However, many SMEs face difficulties in effectively identifying these opportunities, which is connected closely with the problems in conducting research into foreign markets. In many instances, these opportunities are identified in a reactive manner and usually take the form of unsolicited orders from foreign customers or consultative guidance by external agents (such as governmental agencies, chambers of commerce, and trade associations), making the small firm unprepared and ill-equipped to face the challenges stemming from the international business environment (Leonidou, 2004).

Skill 3: Ability to Contact Overseas Customers

Identifying customers in overseas markets constitutes a serious impediment for many would-be and current exporters. Leonidou, (2004), mentions three major factors which can be attributed to this: (1) “the large geographic distance separating sellers and buyers in foreign markets, hampering communication between the two parties”; (2) “the characteristically half-hearted approach taken by many firms toward carrying out systematic research in overseas markets”; and (3) “the limited exposure to sources listing potential customers”.

Skill 4: Ability to conduct a foreign market Competitive Analysis

The fight-for-your-life attitude caused by extreme competition along with the explosive growth of the Internet has leveled the playing field (Laurel, 2004), which result in the critical need for a rapid response. This may only be made possible when rapid competitive scanning abilities are developed within the firm. Truly, the ability to conduct a global competitive analysis should be considered an essential skill.

Skill 5: Ability to Design a Management Information System

Several publications show that experienced and inexperienced SME exporters in developing countries believe that poor knowledge of potential markets hinders their export activities (Lutz, 2006). "Information is vital in reducing the high level of uncertainty surrounding the heterogeneous, sophisticated, and turbulent foreign business environment" (Paul et. al 1999). The skillful exporter in both big and small firms needs to be familiar with national and international sources of information, and how to access to them. According to Leonidou (2004) skillful exporters need to have a clear idea as to the specific information required, particularly with reference to the identification and analysis of and entry into foreign markets.

Skill 6: Ability to Develop Insights Concerning Foreign Individual and Group Buying Behaviors

According to Hill (2003), a skillful export marketer has keen insight into individual and group behavior, can foresee changes in behavior, which develop in a dynamic world, and has the capacity to visualize the probable response of consumers, trade, and competitors to marketing activities. "The great quest of marketing management is to understand the behavior of humans in response to the stimuli to which they are subjected" (Hill, 2003). This early vision of marketing management's role continues into the twenty-first century, when we will see "marketing approaches that focus more on people and their concerns" (Lazer et al. 1990). The multicultural behavioral impacts on business strategy are immense.

Skill 7: Ability to Assess Export Marketing Training Needs

Export marketing knowledge problems can be attributed to a large extent to the lack of trained and experienced human resources (Lutz, 2006), which will require

emphasis on the ability to assess current and future training needs. In fact “many small firms complain that they do not have sufficient personnel to handle the excess work demanded by export operations” (Gomez-Mejia, 1988). To a large extent this can be attributed to the inadequate training and development of company personnel in export business issues. Training needs must be assessed in order to effectively deal with problems which may arise due to lack of specialized knowledge and expertise in export-business tasks such as documentation handling, logistical arrangements, and communicating with foreign customers.

Skill 8: Ability to Adapt to Foreign Business Practices and Protocol

Broadbent (1993) agrees that as the demand increases for quality work around the globe, cultural fluency skills will play a vital role in the administrative capacity to work anywhere to meet those demands. We no longer have to convince anyone with any global experience that culture counts.... and when organizations, non-governmental organizations (NGOs), and political organizations ignore, dismiss, or minimize culture, the costs are often significant. (Harris, et.al, 2004).

Skill 9: Ability to Speak a Foreign Language

The ability to speak the language of the foreign market or learn conversational language can be extremely valuable to a firm because "language skills may have a major effect on the atmosphere which characterizes the relationship and the success with which social distance is reduced and trust established" (Turnbull and Welham, 1985). Marketers involved in the international arena "should have sufficient language aptitude to carry on a conversation in a foreign language after one hundred hours of training" (Keegan 1989). Language skills for the countries where business will be conducted "provides insight into the social organization and values of those who speak it" (Dahringer and Muhlbacher, 1991).

Skill 10: Ability to Analyze Foreign Market Shares

As the globalization of markets becomes a fundamental part of most business organizations, the "marketing/finance interface will take on increasing importance as marketing success becomes intertwined with developments in international finance" (Lazer et al. 1990). The ability to analyze existing foreign market financial and share position with future expectations is an essential skill in export marketing because it "is

used to help determine whether the firm should expand, contract, or eliminate operations in a particular country" (Toyne and Walters, 1993).

Skill 11: Ability to Assess Foreign Market Legal Environment Implications

It is vital to develop the ability to analyze foreign market legal environments because "there are as many different legal environments as there are countries," but there are, however, "legal problems common to most export marketing transactions that must be given special attention" (Cateora, 1993).

Skill 12: Ability to Analyze Import/Export Government Regulations

(Costs/Risks)

Government regulations can quickly change, according to MacCormack, et. al. (1994), which requires that firms develop the continuous ability to assess implications, because strategies based on import government regulation, advantages "may eventually be rendered obsolete by the very factors that first created advantage".

Skill 13: Ability to Analyze Human Resource Tasks and Design Appropriate Organizational Structure

Because the export marketing environment is very dynamic and complex, an international marketer needs to develop skills in looking at strengths and weaknesses. The ability to learn rapidly about company policies, strengths, and weaknesses is a vital ingredient to "manage effectively the impact of the terrific pace [rapidity] of future market changes" (Lazer et al. 1990). ←

Skill 14: Ability to Segment Export Markets

SMEs are restructuring and continue to search for the best ways to operate internationally and, as a result, niche marketing opportunities and new ways of segmenting consumers are being looked at more and more. Market fragmentation requires that much more effort needs to be dedicated to locating consumers and defining their needs, which makes niche marketing a reality even for fairly large brands and services (Broadbent, 1993).

Skill 15: Ability to Evaluate the Effectiveness of Export Marketing Activities

There is substantial literature, which supports the need for skills in how to evaluate the effectiveness of marketing activities, for global and domestic operations. The use of a marketing audit gives the firm "valuable suggestions for increasing its marketing effectiveness and efficiency" (Brown et. al. 1991), which Cram (1995) concurs will lead to higher performance.

2.5.2. Pricing Skills

Skill 16: Ability to Set Overall Pricing for Export Markets

The ability to develop effective pricing programs for product-line portfolios is essential to superior performance because "pricing policy is an important strategic and tactical competitive weapon that, in contrast with the other elements of the export marketing mix, is highly controllable and inexpensive to change and implement" (Toyne and Walters, 1993).

Skill 17: Ability to Forecast Profits and Revenue Related to Foreign Markets

An important skill is to plan sales revenue around profits, with the objective being "to plan product mixes, customer mixes, and marketing mixes to achieve profitable volume and market shares at levels of risk that are acceptable" (Hill, 2003).

Skill 18: Ability to Use Appropriate Trade Financing Programs

The emerging competitive global environment requires that attention be given to minimizing marketing costs. Tremendous cost savings opportunities exist by way of resources readily available from sources external to the firm. For example, trade financing programs "help make exports more competitive internationally by decreasing the total price and improving the terms of sale" (Dahringer et. al. 1991).

Skill 19: Ability to Access Home Government Assistance/Incentives for Exporting

Government agencies can be major promoters of export activity by guaranteeing loans, by subsidizing export prices, by organizing trade fairs, by sponsoring trade missions, by being a party in interstate trade agreements, and by publishing basic market data (Albaum et. al, 1998). Although this assistance may be provided fully, there are instances of exporters not being aware of how to make use of

it. Furthermore, the assistance offered may not cater for the specific needs of small firms, nor may it take into consideration their stage of export development (Serinhaus and Rosson, 1990).

Skill 20: Ability to deal with High Tariff and Nontariff Barriers

Import tariffs pose a serious problem for exporting firms, since they cause export prices to escalate. Although tariffs are overt and can be dealt with by using straightforward procedures, there are numerous nontariff barriers, such as administrative subtleties (arbitrary tariff classification), quantitative restrictions (quotas and embargoes), and customs administration (uplifting invoice value), resulting in serious difficulties for the exporter (Albaum et al. 1998).

2.5.3 Product Skills

Skill 21: Ability to Develop New Products for Foreign Markets.

In view of the diversity of customer preferences across countries, skillful export managers should be able to develop entirely new products for specific foreign market needs and wants. As opposed to large corporations, small firms are in an inferior position regarding developing innovative products for the international market, due to lack of managerial expertise, absence of research and development capabilities, and limited financial resources (Leodenou, 2004).

Skill 22: Ability to Adapt Export Product Design/Style.

Different conditions of use, variations in purchasing power, dissimilar consumer tastes, and diverse socio-cultural settings favor the adaptation of the company's product design and style to the idiosyncrasies of each foreign market. Such adaptations are vital in gaining product acceptance and increasing company sales. (Terpstra et.al. 2000). Hence, it is important for small firms to adopt a contingency approach, weighing the pros and cons of adapting the product, as opposed to standardizing it, in each market.

Skill 23: Ability to Meet Export-Product Quality Standards/Specifications.

Product adaptations become a necessity in the case of countries with consumers who seek better quality than that offered in the firm's home market. Many foreign governments also use special legislation to set quality standards for certain categories of goods, thus making product adaptations mandatory. A case in point is the regulations aiming to protect the health and safety of the host country's population, with which the exporter is compelled to comply at extra cost. Although these requirements may constitute a problem for the small firm, the astute manager should take advantage of them to improve quality in the organization and to build a competitive advantage.(Ceteora and Graham, 1999).

Skill 24: Ability to Meet Export Packaging/Labeling Requirements.

Many products sold abroad must be packaged in a certain way for safety during transportation, storage, and handling. Moreover, instructions contained inside packaging or on it must be written in a particular language(s) and must incorporate specific information required by the host country, such as the expiry date, type of ingredients, and net weight. Furthermore, the symbols, pictures, and colors appearing on the label should be adapted to meet foreign tastes and preferences (Ceteora and Graham, 1999). Many small firms find these alterations in export packaging and labeling too time consuming and expensive, although important to achieve penetration in overseas markets.

2.5.4 Distribution Skills

Skill 25: Ability to Use Appropriate Export Market Entry Alternatives

The skillful export marketer will find ways of by-passing the problem of gaining access to distribution channels in foreign markets. According to (Czinkota and Ronkainen, 2001) export marketers may be confronted with the problem of trying to access channels of distribution already occupied by the competition; or the length of the channel may be too costly to manage; or the power may rest with a certain distributor who controls entry at various levels of the system.

Skill 26: Ability to Obtain Reliable Foreign Representation.

One of the major challenges facing export marketers is to obtain reliable representation abroad. "Finding foreign representatives who would meet the structural

(territorial coverage, financial strength, physical facilities), operational (product assortment, logistical arrangements, warehouse facilities), and behavioral (market reputation, relationships with government, cooperative attitude) requirements of the exporter” Leodenou (2004), is a vital skill.

Skill 27: Ability to Maintain Control over Foreign Middlemen.

Export marketers may be faced with the challenge of managing middlemen at great geographic and cultural distances resulting in exporters having less control over them. This situation becomes worse when (1) there is greater dependence on the middleman due to binding legal agreements; (2) it is difficult to find other middlemen in the market as replacements; and (3) the middleman carries other product lines that are more profitable than those of the exporter. One way to alleviate this problem is by offering certain incentives, such as competitive profit margins, market research assistance, and adequate credit extension, which, however, are not found easily among small firms. It is also critical to enhance communication links, especially in the form of frequent personal visits to the foreign market.

Skill 28: Ability to Manage Exporting Procedures/Documentation

Leodinou (2004) says “many small firms find customs documentation, shipping arrangements, and other export procedures too difficult to manage”. They tend to associate these with excessive costs, time losses, and red tape, which thus encourage a negative attitude toward handling exports (Moini, 1997). In fact, according to some estimates, the average international transaction involves 40 documents and 27 parties, resulting in documentation costs accounting for 7 percent of the total export costs (Terpstra and Sarathy, 2000). Although exporting procedures generally are more complicated compared to domestic sales, some assistance can be obtained from consultative services, government agencies, and financial institutions.

2.5.5 Promotion Skills

Skill 29: Ability to Select Appropriate Promotional Mix

The question of designing an optimal promotional mix requires that “the export marketer needs to have guidelines for selecting which activities to use and in which combinations” (Albaum et al. 1998). The promotional mix can be considered as “communication tools,” according to Toyne and Walters (1993), and, in most

countries, the marketing of consumer goods relies mostly upon advertising and sales promotions. The ability to develop an effective international promotional mix has become a necessity.

Skill 30: Ability to Select Appropriate International Advertising Agency

The organization of a company's international advertising effort is "a major concern for international marketing executives" (Jeannet and Hennessey, 1995). The trend is for companies to "designate advertising agencies for product accounts in order to support the integration of the marketing and advertising functions" (Keegan and Green, 1997). A number of alternatives are available, such as using a local domestic agency, a company-owned agency, a multinational agency with local branches, or individual agencies in each country; therefore the "task of selecting and maintaining international advertising agencies is not easy" (Cateora, 1993).

2.5.6 Summary

This list is not considered exhaustive as a final representation of export marketing skills, but rather, as a list preceding to participant sample members expansion through the use of the questionnaire process. The next chapter presents the methodology utilized for this study.

CHAPTER THREE

METHODOLOGY

3.1 Study Design

This study used the descriptive design, as it was not intended to develop or defend any particular hypothesis. Descriptive research involves describing "systematically the facts and characteristics of . . . [an] area of interest, factually and accurately" (Isaac and Michael 1995). To accomplish this purpose, assessments of expert and practitioner opinions and perceptions were utilized to describe systematically: (1) what skills are needed to be effective in export marketing; (2) what level of importance is attached to these skills; (3) the degree to which these skills are present in employees of SME exporting companies; and (4) the gap between the skills these employees have and the skills they need.

3.2 Population

Two samples were selected for this study. The first was a sample of export managers and proprietors of Kenya's SMEs exporting locally manufactured goods who completed the tasks of: (1) identifying what skills are needed to be effective in SME export marketing; and (2) attaching a level of importance to each of these skills.

The second sample comprised employees of SME firms exporting locally manufactured products. A list of these firms was made from the Kenya Exporter's Directory 2008/9 published by the Kenya Export Promotion Council. A list of 192 names of small And Medium exporting firms and details of their addresses, telephone numbers and products they export was drawn from this directory. It was found that 80% of the 192 firms were located in Nairobi and the surrounding areas. To increase response time within the short time of the research, the researcher decided that not much would be lost in representativeness by sampling the Nairobi firms only. The sample was therefore drawn from a list of firms located in Nairobi and surrounding areas.

3.3 Sampling Procedure

From the list of 192 firms a probability sample of 50 firms was drawn by the lottery method. Each firm was given a number from 1 to 192. The numbers were written on pieces of paper and placed in a bowl. These papers were then thoroughly mixed by

hand. From the bowl, 50 papers were picked without replacement and the firms bearing the numbers of these papers formed the study sample of 50 firms.

3.4 Data Collection Procedures

The study relied on both primary and secondary data. Content analysis was used as the tool to develop a list of skills needed for effective export marketing. This process involved identifying independent variables based upon the regularity with which they appeared in the scholarly literatures (Kothari 1990, P.137). The result of the content analysis was a list of thirty skills, which were validated across a wide range of authors. Each of the skills was extracted from the available scholarly literature and was validated across multiple sources. The skill categories, and the skills identified within them, are presented in table 1.

A structured questionnaire which was divided into two parts was used to collect data from sample participants. Part one (I) was used to obtain data from the business owners, and in their absence the export managers, who added five more skills to the skill list, and attached ratings of importance to each skill. Part Two (II), interviewed employees randomly selected from the population of employees actively involved in exporting operations of the SMEs studied. This obtained ratings concerning the degree to which the employees perceived they possessed the identified skills.

Part I of the questionnaire was mailed or dropped and collected from all participants. The writer of this study telephoned participants to clarify uncertainties about the skill list, and explain the data collection procedures. A cover letter with specific instructions was attached to part one (I) of the questionnaire and explained the following: (1) purpose of the research; (2) data collection process; (3) use of the Likert scale; (4) confidentiality of response; and (5) thanking them for their time, and offering to share study findings with them.

Part II was administered Two weeks after part one. This gave the researcher sufficient time to edit and incorporate the additional skills supplied by the participants into part II of the questionnaire.

3.5 Statistical Analysis

Data was gathered from sample participants to identify which skills are needed for effective export marketing. The initial list of skills, developed through a review of the literature, was appended with skills recommended by the participants; therefore, no statistical analysis was required. The refined list of skills answered research question number one.

Mean ratings and the inner quartile range was used to analyze additional data regarding the level of importance attached to each of the skills. Ratings were collected across an eight-point Likert scale using Part I of the questionnaire. A description of these data answered research question number two.

Data was collected from employees regarding the degree to which they possessed the identified skills. Ratings were collected across an eight-point Likert scale and answered research question number three.

Data collected from the sample participants, who attached levels of importance to each skill, was compared across data collected from practitioners, which was used to assess the degree to which employees possessed these skills. The priority matrix-structuring device (Harvey et. al, 1995) most logically displayed these data in a way that allowed the researcher of this study to prioritize topical areas for training programs. The priority matrix is illustrated in Figure 1.

Figure 1: Priority Matrix Displaying Degree of Possession across Degree of Importance to Reveal Areas of High Training Need (cell: 1, 2, & 3).

		Low	Medium	High
Degree of Importance	High	1 Areas of high training need	2	4
	Medium	3	5	7
	Low	6	8	9
		Degree of Possession		

The priority matrix was used to arrange the skills according to perceived levels of importance, and compared them to perceived levels of possession. Skills were prioritized for training programs based on matrix results. Top training priority was placed on skills, which were low in possession and high importance, medium possession and high importance, and low possession and medium importance.

CHAPTER FOUR

DATA ANALYSIS

4.1 Introduction

The purpose of this study was to identify the significance of training for skills required to be effective in export marketing by SMEs in Kenya exporting locally manufactured goods. Data were gathered from sample participants to identify which skills are needed for effective export marketing. The initial list of skills, developed through a review of the literature, was appended with skills recommended by the participants. Additional data were collected from the sample participants regarding the degree of importance attached to each of the skills. Ratings were collected across an eight-point Likert scale.

Data were collected from active SME export marketing employees regarding the degree to which they possessed the identified skills, across an eight-point Likert scale. Data relative to degrees of possession were compared across data relative to degrees of importance through the use of a priority matrix.

The data was summarized and presented in form of tables, percentages, mean scores and inner quartile ranges. Out of the fifty export managers/proprietors from the 50 SMEs targeted, twenty nine responded by filling in questionnaire part I., and out of the forty three employees scoped for the study, thirty one responded to questionnaire part II

4.2 Data Analysis

4.2.1 Required Skills for Effective Export Marketing

The first research question of this study related to the identification of the skills required to be effective in export marketing by SMEs involved in the export of locally manufactured goods. An extensive review of the literature produced an initial list of thirty skills. These skills were placed into one of five skill categories: (1) planning and operational skills; (2) pricing skills; (3) product skills; (4) distribution skills; (5) promotion skills. The first round of the participants sample survey was designed to clarify each of the skills on the original list, as well as obtain additions to the skill list. The skills that were added to the list are bolded in table 2.

The survey resulted in a total of thirty five (35) skills having been identified as necessary for effective export marketing by SMEs in Kenya exporting locally manufactured goods. There were no additional skills in the planning and operational, and product skills categories. However, the number of pricing skills increased from five (5) to seven (7), distribution skills went from three (3) to four (4), and promotion skills went from two (2) to four (4).

Table 2: List of Required Export Marketing Skills

NO	REQUIRED EXPORT MARKETING SKILLS
	PLANNING AND OPERATIONAL SKILLS
1	Design export-marketing strategies
2	Identify Foreign Business Opportunities
3	Ability to Contact Overseas Customers
4	Ability to conduct a foreign market Competitive Analysis
5	Ability to Design a Management Information System
6	Develop Insights Concerning Foreign Individual and Group Buying Behaviors
7	Assess Export Marketing Training Needs
8	Adapt to Foreign Business Practices and Protocol
9	Speak a Foreign Language
10	Analyze Foreign Market Shares
11	Assess Foreign Market Legal Environment Implications
12	Analyze Export Government Regulations (Costs/Risks)
13	Analyze Human Resource Tasks and Design Appropriate Organizational Structure
14	Segment Export Markets
15	Evaluate the Effectiveness of Export Marketing Activities
	PRICING SKILLS
16	Set Overall Pricing for Export Markets
17	Forecast Profits and Revenue Related to Foreign Markets
18	Use Appropriate Trade Financing Programs
19	Access Home Government Assistance/Incentives for Exporting
20	Deal with High Tariff and Nontariff Barriers

21	Evaluate and select appropriate international payment methods (TT, LC, DA, DP, Open Account, Counter Trade, offset etc)
22	Develop international quotations using a variety of INCOTERMS and foreign currencies
	PRODUCT SKILLS
23	Develop New Products for Foreign Markets
24	Adapt Export Product Design/Style
25	Meet Export-Product Quality Standards/Specification
26	Meet Export Packaging/Labeling Requirements
	DISTRIBUTION SKILLS
27	Use Appropriate Export Market Entry Alternatives
28	Obtain Reliable Foreign Representation
29	Maintain Control over Foreign Middlemen
30	Manage Exporting Procedures/Documentation
31	Assess and select appropriate international transport alternatives
	PROMOTION SKILLS
32	Select appropriate promotional mix
33	Select appropriate international advertising agency
34	Use trade shows (Domestic/international) to promote export trade
35	Evaluate and select appropriate internet marketing service providers

4.2.2 Importance of Each of the Skills

The second research question of this study related to the identification of the level of importance of each of the skills. A participant sample, attached importance ratings for each of the skills identified. Ratings were collected across an eight-point Likert scale where 1 = "not important," and 8 = "very important." The results are presented in table 3, with importance ratings rounded to the nearest whole number. One (1) skill or 2.7 percent was rated 8, twenty-one (21) skills or 60 percent were rated 7, five (5) skills or 14.5 percent were rated 6, and eight skills or 22.8 percent were rated 5 (see table 3).

Table 3: Sample Participants Importance Ratings of International Marketing Skills

NO	REQUIRED EXPORT MARKETING SKILLS	Inter Quartile Range	Importance rating mea
	PLANNING AND OPERATIONAL SKILLS		
1	Design export-marketing strategies	6-8	7
2	Identify Foreign Business Opportunities	6-8	7
3	Ability to Contact Overseas Customers	5-8	7
4	Ability to conduct a foreign market Competitive Analysis	4-7	5
5	Ability to Design a Management Information System	3-8	6
6	Develop Insights Concerning Foreign Individual and Group Buying Behaviors	4-8	7
7	Assess Export Marketing Training Needs	4-7	5
8	Adapt to Foreign Business Practices and Protocol	5-8	7
9	Speak a Foreign Language	4-8	7
10	Analyze Foreign Market Shares	4-7	5
11	Assess Foreign Market Legal Environment Implications	5-8	7
12	Analyze Export Government Regulations (Costs/Risks)	5-8	6
13	Analyze Human Resource Tasks and Design Appropriate Organizational Structure	4-7	5
14	Segment Export Markets	5-7	5
15	Evaluate the Effectiveness of Export Marketing Activities	5-8	7
	PRICING SKILLS		
16	Set Overall Pricing for Export Markets	5-8	7
17	Forecast Profits and Revenue Related to Foreign Markets	5-8	7
18	Use Appropriate Trade Financing Programs	5-8	7
19	Access Home Government Assistance/Incentives for Exporting	5-8	6

20	Deal with High Tariff and Nontariff Barriers	4-8	7
21	Evaluate and select appropriate international payment methods (TT, LC, DA, DP, Open Account, Counter Trade, offset etc)	5-8	7
22	Develop international quotations using a variety of INCOTERMS and foreign currencies	4-8	7
	PRODUCT SKILLS		
23	Develop New Products for Foreign Markets	5-8	7
24	Adapt Export Product Design/Style	6-8	7
25	Meet Export-Product Quality Standards/Specification	7-8	8
26	Meet Export Packaging/Labeling Requirements	6-8	7
	DISTRIBUTION SKILLS		
27	Use Appropriate Export Market Entry Alternatives	6-8	7
28	Obtain Reliable Foreign Representation	6-8	7
29	Maintain Control over Foreign Middlemen	4-7	5
30	Manage Exporting Procedures/Documentation	5-8	7
31	Assess and select appropriate international transport alternatives	5-8	7
	PROMOTION SKILLS		
32	Select appropriate promotional mix	5-8	7
33	Select appropriate international advertising agency	4-7	5
34	Use trade shows (Domestic/international) to promote export trade	4-8	6
35	Evaluate and select appropriate internet marketing service providers	4-7	5

N=29; (1="not important" through 8="very important").

Skills rated by the participant sample are ranked in table 4 below from the most important to the least important. Of the thirty five (35) skills, the ten rated as having the highest importance were evenly spread among planning and operational skills (four), product skills (three), distribution skills (two), and pricing skills (one). The ten skills rated as having the lowest importance were concentrated in the categories of planning and operational skills (seven), promotional skills (one), pricing skills (one)

and Distribution skills (one). The category of promotional skills contained none of the top ten importance ratings.

Table 4: Ten Most Important and Ten Least Important Export Marketing Skills
Ten Most Important Export Marketing Skills

NO	Skill	Mean Rating	Skill Category
25	Meet Export-Product Quality Standards/Specification	8	P
1	Design export-marketing strategies	7	O
26	Meet Export Packaging/Labeling Requirements	7	P
18	Use Appropriate Trade Financing Programs	7	F
23	Develop New Products for Foreign Markets	7	P
27	Assess and select appropriate international transport alternatives	7	D
28	Obtain Reliable Foreign Representation	7	D
2	Identify Foreign Business Opportunities	7	O
9	Speak a Foreign Language	7	O
11	Assess Foreign Market Legal Environment Implications	7	O

Note: N=29; O=Planning and Operational Skills; F=Pricing Skills; P=Product Skills; D=Distribution Skills; M=Promotion Skills.

Ten Least Important Export Marketing Skills

NO	Skill	Mean Rating	Skill Category
19	Access Home Government Assistance/Incentives for Exporting	6	F
35	Ability to Design a Management Information System	6	O
4	Ability to conduct a foreign market Competitive Analysis	5	O
10	Analyze Foreign Market Shares	5	O
13	Analyze Human Resource Tasks and Design Appropriate Organizational Structure	5	O
7	Assess Export Marketing Training Needs	5	O
35	Evaluate and select appropriate internet marketing service providers	5	O
33	Select appropriate international advertising agency	5	M
29	Maintain Control over Foreign Middlemen	5	D
14	Segment export markets	5	O

Note: N=29; O=Planning and Operational Skills; F=Pricing Skills; P=Product Skills; D=Distribution Skills; M=Promotion Skills.

4.2.3 Degree of Skill Possession

Employees of active export marketing SMEs were surveyed regarding the degree to which they possessed the identified skills. Degree of possession ratings were collected across an eight-point Likert scale, where 1 = "do not possess" and 8 = "strongly possess." The results of the survey are presented in table 5. Of these ratings, three skills or 9 percent were rated seven; seven skills or 20 percent were rated six; nine skills or 26 percent were rated five; four skills or 11 percent were rated four; and twelve skills or 34 percent were rated three.

Table 5: Employee Ratings of Degree of Export Marketing Skill Possession

NO	REQUIRED EXPORT MARKETING SKILLS	Degree of Possession
	PLANNING AND OPERATIONAL SKILLS	
1	Design export-marketing strategies	4
2	Identify Foreign Business Opportunities	5
3	Ability to Contact Overseas Customers	4
4	Ability to conduct a foreign market Competitive Analysis	3
5	Ability to Design a Management Information System	5
6	Develop Insights Concerning Foreign Individual and Group Buying Behaviors	3
7	Assess Export Marketing Training Needs	3
8	Adapt to Foreign Business Practices and Protocol	5
9	Speak a Foreign Language	6
10	Analyze Foreign Market Shares	3
11	Assess Foreign Market Legal Environment Implications	3
12	Analyze Export Government Regulations (Costs/Risks)	5
13	Analyze Human Resource Tasks and Design Appropriate Organizational Structure	3
14	Segment Export Markets	3
15	Evaluate the Effectiveness of Export Marketing Activities	3
	PRICING SKILLS	
16	Set Overall Pricing for Export Markets	6
17	Forecast Profits and Revenue Related to Foreign Markets	5
18	Use Appropriate Trade Financing Programs	6
19	Access Home Government Assistance/Incentives for Exporting	6
20	Deal with High Tariff and Nontariff Barriers	3
21	Evaluate and select appropriate international payment methods (TT, LC, DA, DP, Open Account, Counter Trade, offset etc)	7
22	Develop international quotations using a variety of INCOTERMS and foreign currencies	4

PRODUCT SKILLS		
23	Develop New Products for Foreign Markets	3
24	Adapt Export Product Design/Style	6
25	Meet Export-Product Quality Standards/Specification	5
26	Meet Export Packaging/Labeling Requirements	6
DISTRIBUTION SKILLS		
27	Use Appropriate Export Market Entry Alternatives	5
28	Obtain Reliable Foreign Representation	6
29	Maintain Control over Foreign Middlemen	5
30	Manage Exporting Procedures/Documentation	7
31	Assess and select appropriate international transport alternatives	7
PROMOTION SKILLS		
32	Select appropriate promotional mix	4
33	Select appropriate international advertising agency	3
34	Use trade shows (Domestic/international) to promote export trade	5
35	Evaluate and select appropriate internet marketing service providers	3

N=31; (1 = "do not possess" and 8 = "strongly possess.")

Skills rated as having the ten highest and ten lowest degrees of possession are detailed in table 6 below. Please note that the original skill numbers are used, as in table 5.

Of the thirty five skills, the ten rated as having the highest degrees of possession were concentrated in the categories of pricing skills (four), distribution skills (three) product skills (two), and planning and operations (one). The ten rated as having the lowest degrees of possession were concentrated in the categories of planning and operational skills (seven), promotional skills (two) and product skills (one). The category of promotional skills contained none of the ten skills rated as having the highest degrees of possession.

Table 6: Export Marketing Skills ten highest and ten lowest Degrees of Possession

Highest Degree of Possession

NO	REQUIRED EXPORT MARKETING SKILLS	Degree of Possession	Skill Category
30	Manage Exporting Procedures/Documentation	7	D
31	Assess and select appropriate international transport alternatives	7	D
21	Evaluate and select appropriate international payment methods (TT, LC, DA, DP, Open Account, Counter Trade, offset etc)	7	F
16	Set Overall Pricing for Export Markets	6	F
24	Adapt Export Product Design/Style	6	P
26	Meet Export Packaging/Labeling Requirements	6	P
28	Obtain Reliable Foreign Representation	6	D
19	Access Home Government Assistance/Incentives for Exporting	6	F
18	Use Appropriate Trade Financing Programs	6	F
9	Speak a Foreign Language	6	O

Note: N=31; O=Planning and Operational Skills; F=Pricing Skills; P=Product Skills; D=Distribution Skills; M=Promotion Skills.

Lowest Degree of Possession

NO	REQUIRED EXPORT MARKETING SKILLS	Degree of Possession	Skill Category
6	Develop Insights Concerning Foreign Individual and Group Buying Behaviors	3	O
23	Develop New Products for Foreign Markets	3	P
11	Assess Foreign Market Legal Environment Implications	3	O
35	Evaluate and select appropriate internet marketing service providers	3	M
33	Select appropriate international advertising agency	3	M
14	Segment Export Markets	3	O
7	Assess Export Marketing Training Needs	3	O
13	Analyze Human Resource Tasks and Design Appropriate Organizational Structure	3	O
4	Ability to conduct a foreign market Competitive Analysis	3	O
10	Analyze Foreign Market Shares	3	O

Note: N=31; O=Planning and Operational Skills; F=Pricing Skills; P=Product Skills; D=Distribution Skills; M=Promotion Skills.

4.2.4 Training Gap

The last research question dealt with the identification of the extent of gap between the skills employees of active SMEs exporting companies have and the skills identified by participants as necessary to be effective in export marketing. Data collected from the participant sample, which attached levels of importance to each skill, were compared across data collected from employees, which assessed the degree to which the employees possessed these skills. The priority matrix-structuring device (Harvey, Bearley, and Corkrum 1995) most logically displayed these data in a way that allowed topical areas for training programs to be prioritized.

The priority matrix arranged the skills according to perceived levels of importance and compared them to perceived levels of possession. Ratings of seven or eight were considered to be "high"; ratings of four, five, or six were considered to be "medium"; ratings of one, two, or three were considered to be "low." The three matrix cells numbered 1, 2 and 3 (figure 1 above) concentrated on skills with the six lowest (on a scale of eight) possession ratings, and the five highest (on a scale of eight) importance ratings.

Skills were prioritized for training programs based on matrix results. Training priorities were established based on the following comparisons: low possession and high importance (priority 1), medium possession and high importance (priority 2), low possession and medium importance (priority 3), high possession and high importance (priority 4), medium possession and medium importance (priority 5), low possession and low importance (priority 6), high possession and medium importance (priority 7), medium possession and low importance (priority 8), and finally high possession and low importance (priority 9). The placement of individual skills within the priority matrix cell locations is detailed in figure 2.

Figure 2: Skills Placed Within Priority Matrix Cells

		Degree of Possession		
		Low	Medium	High
		1-3	4-6	7-8
Degree of Importance	High	1 6,11,15,20,23	2 1,2,3,8,9,16, 17,18,22,24,25,26 27,28,32	4 21,30,31
	Medium	3 4,7,10,13,14,33,35	5 34,5,12,19,29	7
	Low	6	8	9
		1-3		

As illustrated in figure 2 above, five skills were placed in cell 1, fifteen skills in cell 2, seven skills in cell 3, three skills in cell 4, and five skills were placed in cell five. No skills were placed in cell 6, 7, 8 and 9.

A total of 27 skills was placed into cell 1, 2, or 3 in the priority matrix; based on this analysis, these areas are considered to be high training needs. The distribution of skills within the nine priority matrix cells is shown in table 7 below.

Table 7: The distribution of skills within the nine priority matrix cells

Priority	NO. Of Skills	NO. Of Planning/ Operational Skills	NO. Of Pricing Skills	NO. Of Product Skills	NO. Of Distribution Skills	NO. Of Promotion Skills
1	5	3	2	0	0	0
2	15	5	4	3	2	1
3	7	5	0	0	0	2
4	3	0	1	2	0	0
5	5	2	1	0	1	1
6	0	0	0	0	0	0
7	0	0	0	0	0	0
8	0	0	0	0	0	0
9	0	0	0	0	0	0

Of the five skills placed in priority matrix cell 1, three came from the category planning and operational skills, and two from the category of pricing. Of the 15 skills placed in priority matrix cell 2, five came from the category of planning and operational skills, four from pricing skills, and three from product skills, two from distribution skills and one from the category of promotion skills.

CHAPTER FIVE

CONCLUSION AND RECOMMENDATIONS

5.1 Conclusion

This study identified the necessary skills for effective export marketing, attached degrees of importance to each of these skills, determined the degrees to which employees of small and micro-enterprises actively exporting companies Kenya, possessed these skills, and prioritized export marketing training needs based on the findings. There are two major managerial implications based on the findings. The two conclusions are presented for academicians and corporate training personnel to consider as they develop export marketing training programs.

1. Since employees of Small and Micro-Enterprises actively exporting enterprises indicated that they had relatively a medium or high degrees of possession across 66 percent of the skills, there may be some reluctance to engage in training programs, unless the payoff is obvious.

The employees will probably not attach urgency toward participation in export marketing training programs, because they perceive that they already possess a relatively high enough degree of skill in most of the international marketing areas. The results probably would have been much different had a population of SMEs with little or no export experience, or firms, which tried to export unsuccessfully, been surveyed.

The results are most meaningful when applied to export marketing training programs to SMEs who are actively engaged in exporting. These SMEs will probably be hesitant to participate in training programs related to areas where they perceive they already possess what they consider to be "adequate" skills. This means that emphasis should be placed on why "adequate" levels of skills in export marketing are no longer acceptable, especially in a competitive global economy. The advertising emphasis when marketing these types of training programs to small and medium-sized actively exporting companies should be placed on the importance of updating export marketing skills; that what is considered to be "adequate" today, may not be considered to be "adequate" tomorrow.

2. Skills falling into the categories of planning and operations skills and promotional skills category should be the topic most emphasized when

offering export marketing training programs to small and medium-sized-actively exporting companies.

Small and medium-sized actively exporting companies perceived the planning and operations skill category to be their most deficient. Seven out of the ten skills "possessed the least," fell into the planning and operations skill category. None of the ten skills "possessed the most," fell into the promotional skill category. Respondents from exporting SMEs perceived none of the promotional skills among their most important.

Planning and operations skills have clearly dominated as the top export marketing training needs. The results of this study indicated that all the 15 planning and operations skills were placed within the top 27 training priorities overall; with three of the category's skills placed within the first priority matrix cell: (1) develop insights concerning foreign individual and group buying behaviors, (2) analyze export government regulations, and (3) assess foreign market legal environment implications.

It thus becomes evident that the export planning and operations skill category and the promotional skill category should be the topic most emphasized when offering export marketing training programs to small and medium-sized actively-exporting companies.

5.2 Limitations of the Study

This report focused mainly on the responses of exporting SMEs based in Nairobi and the surrounding towns. It therefore did not cover responses of SMEs in other parts of the country.

The study did not take into consideration demographic factors of the participants that may have had a bearing on the research outcomes.

The time allocated to the study was limited and thus made it difficult to wait for respondents to return questionnaires. This affected response rate.

5.3 Recommendations for Further Research

The results of this study provided a foundation that could be used to initiate several additional studies;

1. A study should be conducted to determine which tasks are required to effectively perform the top training priorities as concluded from this study. Tasks should be delineated in the form of skill standards, with simplified checklists to determine training content, and level of competency.

2. A study should be conducted to determine the content for specific export marketing training modules as they relate to specific standard industrial classification codes. Study results should produce training modules with additional refinements and specific skills relative to the specific training needs for each industry sector.

3. A study should be conducted to determine the extent that outsourcing options exist relative to each of the skills identified for effective export marketing. Outsourcing options extend the export marketing skill base of the company, by way of retaining, hiring, or partnering with other entities to perform the tasks associated with those skills. Emphasis should be placed on the identification of the most common sources for outsourcing, and on the description of how to utilize these sources for effective implementation of specific tasks associated with these skills.

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APPENDIX A
QUESTIONNAIRE
PART ONE

INSTRUCTIONS

- 1] **READ** the entire **LIST OF SKILLS** to gain a general sense of the material.
- 2] Based on your expertise, please **RATE EACH SKILL** by circling the number that best reflects your perception concerning the **DEGREE OF IMPORTANCE** for employees of SME exporting companies in Kenya to possess these skills. Please **RECOMMEND AND RATE SKILLS** that you feel need to be added to this list. (1 “Unimportant” through 8 “Very Important”).

SKILLS REQUIRED FOR EFFECTIVE EXPORT MARKETING IN KENYA’S SME EXPORTING COMPANIES OF LOCALLY MANUFACTURED PRODUCTS

Please rate each skill by assigning the number that best reflects your perception concerning degree of importance:

1 “Unimportant” through 8 “Very Important”

RATING	PLANNING AND OPERATIONAL SKILLS
1,2,3,4,5,6,7, 8	Design export-marketing strategies
1,2,3,4,5,6,7, 8	Identify Foreign Business Opportunities
1,2,3,4,5,6,7, 8	Ability to Contact Overseas Customers
1,2,3,4,5,6,7, 8	Ability to conduct a foreign market Competitive Analysis
1,2,3,4,5,6,7, 8	Ability to Design a Management Information System
1,2,3,4,5,6,7, 8	Develop Insights Concerning Foreign Individual and Group Buying Behaviors
1,2,3,4,5,6,7, 8	Assess Export Marketing Training Needs
1,2,3,4,5,6,7, 8	Adapt to Foreign Business Practices and Protocol
1,2,3,4,5,6,7, 8	Speak a Foreign Language
1,2,3,4,5,6,7, 8	Analyze Foreign Market Shares
1,2,3,4,5,6,7, 8	Assess Foreign Market Legal Environment Implications

1,2,3,4,5,6,7, 8	Analyze Export Government Regulations (Costs/Risks)
1,2,3,4,5,6,7, 8	Analyze Human Resource Tasks and Design Appropriate Organizational Structure
1,2,3,4,5,6,7, 8	Segment Export Markets
1,2,3,4,5,6,7, 8	Evaluate the Effectiveness of Export Marketing Activities
RATING	Additional Skills you Feel should be included
1,2,3,4,5,6,7, 8	
1,2,3,4,5,6,7, 8	
1,2,3,4,5,6,7, 8	
1,2,3,4,5,6,7, 8	
RATING	PRICING SKILLS
1,2,3,4,5,6,7, 8	Set Overall Pricing for Export Markets
1,2,3,4,5,6,7, 8	Forecast Profits and Revenue Related to Foreign Markets
1,2,3,4,5,6,7, 8	Use Appropriate Trade Financing Programs
1,2,3,4,5,6,7, 8	Access Home Government Assistance/Incentives for Exporting
1,2,3,4,5,6,7, 8	Deal with High Tariff and Nontariff Barriers
RATING	Additional Skills you Feel should be included
1,2,3,4,5,6,7, 8	
1,2,3,4,5,6,7, 8	
RATING	PRODUCT SKILLS
1,2,3,4,5,6,7, 8	Develop New Products for Foreign Markets
1,2,3,4,5,6,7, 8	Adapt Export Product Design/Style
1,2,3,4,5,6,7, 8	Meet Export-Product Quality Standards/Specification
1,2,3,4,5,6,7, 8	Meet Export Packaging/Labeling Requirements
RATING	Additional Skills you Feel should be included
1,2,3,4,5,6,7, 8	
1,2,3,4,5,6,7, 8	
1,2,3,4,5,6,7, 8	
RATING	DISTRIBUTION SKILLS
1,2,3,4,5,6,7, 8	Use Appropriate Export Market Entry Alternatives
1,2,3,4,5,6,7, 8	Obtain Reliable Foreign Representation
1,2,3,4,5,6,7, 8	Maintain Control over Foreign Middlemen

1,2,3,4,5,6,7, 8	Manage Exporting Procedures/Documentation
RATING	Additional Skills you Feel should be included
1,2,3,4,5,6,7, 8	
1,2,3,4,5,6,7, 8	
1,2,3,4,5,6,7, 8	
RATING	PROMOTION SKILLS
1,2,3,4,5,6,7, 8	Select appropriate promotional mix
1,2,3,4,5,6,7, 8	Select appropriate international advertising agency
RATING	Additional Skills you Feel should be included
1,2,3,4,5,6,7, 8	
1,2,3,4,5,6,7, 8	
1,2,3,4,5,6,7, 8	

APPENDIX B
QUESTIONNAIRE
PART TWO

SKILLS REQUIRED FOR EFFECTIVE EXPORT MARKETING

DIRECTIONS: Multiple skills are involved in the export marketing process. As an employee within your firm's export marketing department you probably possess some but not all of these skills. Please indicate to what degree you possess these skills.

Please circle the appropriate number 1 . . . 8 ["Do Not Possess" = 1] [8 = "Strongly Possess"] [X] Don't Know [N] Not Applicable

RATING	PLANNING AND OPERATIONAL SKILLS
1,2,3,4,5,6,7, 8	Design export-marketing strategies
1,2,3,4,5,6,7, 8	Identify Foreign Business Opportunities
1,2,3,4,5,6,7, 8	Ability to Contact Overseas Customers
1,2,3,4,5,6,7, 8	Ability to conduct a foreign market Competitive Analysis
1,2,3,4,5,6,7, 8	Ability to Design a Management Information System
1,2,3,4,5,6,7, 8	Develop Insights Concerning Foreign Individual and Group Buying Behaviors
1,2,3,4,5,6,7, 8	Assess Export Marketing Training Needs
1,2,3,4,5,6,7, 8	Adapt to Foreign Business Practices and Protocol
1,2,3,4,5,6,7, 8	Speak a Foreign Language
1,2,3,4,5,6,7, 8	Analyze Foreign Market Shares
1,2,3,4,5,6,7, 8	Assess Foreign Market Legal Environment Implications
1,2,3,4,5,6,7, 8	Analyze Export Government Regulations (Costs/Risks)
1,2,3,4,5,6,7, 8	Analyze Human Resource Tasks and Design Appropriate Organizational Structure
1,2,3,4,5,6,7, 8	Segment Export Markets
1,2,3,4,5,6,7, 8	Evaluate the Effectiveness of Export Marketing Activities
RATING	PRICING SKILLS

1,2,3,4,5,6,7, 8	Set Overall Pricing for Export Markets
1,2,3,4,5,6,7, 8	Forecast Profits and Revenue Related to Foreign Markets
1,2,3,4,5,6,7, 8	Use Appropriate Trade Financing Programs
1,2,3,4,5,6,7, 8	Access Home Government Assistance/Incentives for Exporting
1,2,3,4,5,6,7, 8	Deal with High Tariff and Nontariff Barriers
1,2,3,4,5,6,7, 8	Evaluate and select appropriate international payment methods (TT, LC, DA, DP, Open Account, Counter Trade, offset etc)
1,2,3,4,5,6,7, 8	Develop international quotations using a variety of INCOTERMS and foreign currencies
RATING	PRODUCT SKILLS
1,2,3,4,5,6,7, 8	Develop New Products for Foreign Markets
1,2,3,4,5,6,7, 8	Adapt Export Product Design/Style
1,2,3,4,5,6,7, 8	Meet Export-Product Quality Standards/Specification
1,2,3,4,5,6,7, 8	Meet Export Packaging/Labeling Requirements
RATING	DISTRIBUTION SKILLS
1,2,3,4,5,6,7, 8	Use Appropriate Export Market Entry Alternatives
1,2,3,4,5,6,7, 8	Obtain Reliable Foreign Representation
1,2,3,4,5,6,7, 8	Maintain Control over Foreign Middlemen
1,2,3,4,5,6,7, 8	Manage Exporting Procedures/Documentation
1,2,3,4,5,6,7, 8	Assess and select appropriate international transport alternatives
RATING	PROMOTION SKILLS
1,2,3,4,5,6,7, 8	Select appropriate promotional mix
1,2,3,4,5,6,7, 8	Select appropriate international advertising agency
1,2,3,4,5,6,7, 8	Use trade shows (Domestic/international) to promote export trade
1,2,3,4,5,6,7, 8	Evaluate and select appropriate internet marketing service providers

APPENDIX C:

STUDY SAMPLE

1. Nova Chemicals Ltd
2. Eastern Chemical Industries Ltd
3. J. W. Karanja Products
4. Africa Showcase Ltd
5. Anglers Haven Products
6. Creative Design Ltd. Products
7. Flymail (K) Ltd
8. Antern Enterprises Products
9. Wamu Investments Products
10. Highlands Beauty Ltd.
11. Flytack Express Ltd
12. Blackgold Export/import Co.
13. Junique Enterprises
14. Precious Heritage Ltd
15. Violet Enterprises Products
16. Diamond Freight Forwarders
17. Rachima Network Agencies Products
18. Adegia Creations
19. Gragio Enterprises Products
20. Laiser Enterprises
21. Pastev Holdings Ltd Products
22. Chimma Enterprises Products
23. Stekawa Import and Exports
24. Edkam Agencies Products
25. Karachiwalla
26. Kabazi Cannery Ltd
27. Central Impex Enterprises Ltd.

28. Cetco Ltd Products
29. Oseibo Trading Co. Ltd
30. Premium Foods (K) Ltd
31. Betech Fashions
32. Nalina Ltd/Adelphi The Leather Shop
33. Desbro (Kenya) Ltd
34. Marflo Impex
35. Thornapple Investment Products
36. Mukima Investments Ltd
37. Jethabhai Enterprises Ltd
38. Hobra Manufacturing Ltd
39. Elite Tools Ltd
40. Kenya Scale Co. Ltd
41. IJT Export Agency
42. Titan Tools Limited
43. Tapioca Limited
44. Nightrose Cosmetics (1972) Ltd
45. Alankar Industries Ltd
46. Metlex Industries Ltd.
47. Aranibar Marketing Ltd
48. International Foreign Trade Co. Ltd
49. Mwende General Store Products
50. Makena Textile Workshop Products