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EXPORT INHIBITORS IN THE FIRST STAGE OF THE INTERNATIONALIZATION PROCESS: EVIDENCE FROM MEXICO

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ABSTRACT

This paper identifies export inhibitors in the first stage of the internationalization process of companies. Evidence indicates export inhibitors have the strongest effects on small and midsized manufacturing companies (SMEs) in the state of Michoacán, Mexico. Some 191 managers or owners of different industrial SMEs were interviewed for this study. I found the lack of information about government agencies involved in the export process, lack of knowledge about government support for companies intending to export, lack of information about international agreements that Mexico has and lack of information about the procedure to export are export inhibitors with the strongest impact on the surveyed SMEs. One possible explanation for this finding could be that information is not effectively reaching key stakeholders. This implies it is necessary for the Mexican government to develop new strategies that allow information to accomplish its goal. By doing so, companies may broaden their horizons through international markets.

JEL: M16, M31, M39, M51, P33

KEWORDS: Export Barriers, Export Obstacles, International Business, Exports, Internationalization Process of the Firm

INTRODUCTION

Exports offer significant opportunities for growth to SMEs. SMEs can respond to opportunities to expanding its market, or address problems it may face in the domestic market. However, this is an activity that is not being developed by all manufacturing SMEs in Mexico. Only 6.7% of existing companies have export activities, a figure that falls to 5% in the state of Michoacán. For this reason the present investigation examines problems these companies have with exports. It is often the case that difficulties encountered by firms keep them from achieving their international goals or inhibiting their will to participate in export activities.

The issues surrounding exportation have been studied in various countries and with different kinds of companies. Understanding the relevant issues may help determine the reason why many companies are not able to export or incur financial losses, or why exporting companies are unable to exploit their potential to the fullest (Leonidou, 1995). Previous studies have shown that some barriers are created within the company and are generally associated with resources at the organization's disposal or with the approach given to marketing of exports. Others stem from external circumstances both in their own countries and in the countries they are trying to reach (Leonidou, 1995; Fillis, 2002; Smith, Gregoire & Lu, 2006). These problems appear at any stage of the companies' internationalization process and can be different from one company to the next (Kedia & Chhokar, 1986; Leonidou, 1995; Smith et al., 2006). But, they can also have different effects on companies that find themselves in the same stage of the internationalization process (Pinho & Martins, 2010) or in the same industry (Tesfom, Lutzb & Ghauric, 2006).

Internationalization has been studied extensively. However, a considerable number of the studies consulted contemplated the same variables, methodology and measuring tools for both exporting and non-exporting companies. The results show that these problems affect each group differently (Kedia & Chhokar, 1986; Moini, 1997; Smith, et al., 2006; Pinho & Martins, 2010). This study, therefore, joins the existing literature on the subject and finds which export inhibitors in the first stage of the companies' internationalization process has the strongest impact on manufacturing SMEs in the state of Michoacán. For that reason, this research focuses solely on inhibitors faced by non-exporting companies. Consequently the methodology, measurement tools and variables are used only on SMEs which do not export, leaving aside any issues that may be faced by exporting companies. I do this because it has been mentioned in Michoacán that 95% of manufacturing SMEs do not have export activities, which makes it crucial to identify the relevant characteristics of these companies.

This work is initially composed of a review of the literature in which the first stage of the companies' internationalization process and the problems and inhibitors for exports affecting non-exporting companies are addressed. Next, there will be an analysis of the methodology used, followed by the results of field work which will gives place to the discussion. The paper closes with some concluding comments.

LITERATURE REVIEW

First Stage of the Internationalization Process of Companies

Johanson and Wiedersheim-Paul (1975) are credited as the first to carry out studies on the internationalization process of companies. Their model has four sequential stages where the resources and the commitment to foreign markets are increased as more experience in international commerce is gained. However, they do not mention why companies decide to go international and how the process begins (since the companies which were the subject of their study already took part in export activities). Additionally, they do not discuss factors which may influence this process (Andersen, 1993). For this reason, to this day, models are being created to analyze the internationalization of companies from the moment they serve only domestic demand and have no interest in exporting until the moment in which they are consolidated abroad.

Several models coincide in that the first stage of the process of internationalization of companies is characterized by the companies focusing on serving the domestic market (Bilkey & Tesar, 1977; Wiedersheim-Paul, Olson & Welch, 1978; Cavusgil, 1982; Hodgkinson, 2000; Jansson & Sandberg, 2008; Scherer, Gomes & Kruglianskas, 2009). At this stage firms do not have any intention of exporting, of processing unsolicited orders originating abroad (Bilkey & Tesar, 1977; Crick, 1995); or being comfortable in their domestic market and uninterested in international demand (Leonidou & Katsikeas, 1996). Hence the companies have no exporting experience, lack knowledge of suppliers abroad and feel highly uncertain about international business (Jansson & Sandberg, 2008), resulting in a very limited gathering of information (Wiedersheim-Paul, Olson & Welch, 1978). Those companies which do export do it by processing an unsolicited order (Haar & Ortiz-Buonafina, 1995). It is often the buyers who take care of all the logistics work needed to transport the goods to their country since the seller ignores or may not even possess distribution channels, nor does it carry out exporting strategies nor commercial operations. In this way, sales made to foreign customers are done exactly as if they had been made to a consumer in their own country (Leonidou & Katsikeas, 1996).

Johanson & Vahlne (1977) point out the internationalization process starts with the detection of an opportunity abroad or as an answer to solve problems there may be with the domestic market. This drives the companies' directors to make international-oriented decisions using whatever international business knowledge they own. Knowledge influences international actions to a larger degree than other kinds of actions (Reid, 1981), considering that decision makers tend to form expectations or opinions on the profitability and risks of exports and that such expectations reflect the knowledge that the managers have by way of their own experience or that of another company (Cavusgil, 1981).

Problems for Non-exporting Companies in the First Stage of the Internationalization Process

In the first stage of the internationalization process for SMEs, the company's owner plays an exceedingly important role in the decision making process for the entrance into international markets (Reid, 1981). The design of export strategies, the marketing and the undertaking of business with clients abroad all depend on the owner (Leonidou, Katsikeas & Piercy, 1998). Hence, many obstacles faced in the first stage of the internationalization process of companies fall on the decision maker. Any inability to deal with problems in the stage immediately before exporting can cause a passive attitude toward foreign operations (Smith et al., 2006). Additionally, studies have shown that companies which do not export tend to have bigger problems in the pre-export stage, (Smith et al., 2006; Pinho & Martins, 2010). Therefore, the stronger the perception of the importance of the barrier, the more unlikely the decision to export (Pinho & Martins, 2010), even to the point of choosing to remain in the domestic market (Colaiácovo, 1996; García, 2000; Smith et al., 2006). In the case of companies which already are exporting, the problems faced are usually on the operational side (Smith et al., 2006; Pinho & Martins, 2010).

Leonidou, (1995) and Fillis, (2002) agree that the main problems for non-exporting firms are in the pre-export stage. For this reason it is necessary to identify the relevant differences between non-exporting companies and exporting companies. By doing so it will be possible to design programs aimed at encouraging exportation (Kedia & Chhokar, 1986). It is also necessary to address the need to eliminate the inhibiting effects that represent obstacles to exporting by non-exporting companies (Kedia & Chhokar, 1986; Moini, 1997; Leonidou, 1995; Smith et al., 2006; Liargovas & Skandalis, 2008; Pinho & Martins, 2010) with the purpose of having more of them enter international markets. This export-inhibiting effect may be eliminated in stages prior to exporting through consulting and guidance (Leonidou, 1995); a complete understanding of all obstacles (Kedia & Chhokar, 1986); export programs which provide information, knowledge, experience and essential resources (Liargovas & Skandalis, 2008). A mentorship program can provide help to firms that find themselves in the process of exporting (Moini, 1997). Next we identify several problems associated with non-exporting companies in the reviewed literature:

Negative experiences in exports. Several authors remark that experience with exports is central to starting an internationalization process since positive experiences with exports can be the basis for success in this activity (Pinho & Martins, 2010). Positive experiences may represent a crucial difference in e expectations the company has (Kedia & Chhokar, 1986). On the other hand, Colaiácovo (1996) mentions that negative experiences with exports can cause a company to decide not to enter international markets or to give up exporting activities.

Comfortable position in the domestic market. Julian & Ahmed (2005) found that emphasizing the domestic market is a barrier that stops companies from looking or wanting to export. Having large volumes of sales (Fillis, 2002), business and a satisfactory performance in general in the domestic market leads to companies not being interested in international markets (Colaiácovo, 1996). Additionally, that the company's manager is focused in meeting the demands of the domestic market results in a blind spot regarding international markets which leads to his or her decision making not being oriented toward taking advantage of business opportunities abroad (Kyvik, Saris, Bonet & Felício, 2013).

Refusal for lack of capability. Occhipinti (1998) states there are companies that have the perception that they lack the capabilities needed to export even before making an evaluation to know if they really have such capabilities, and for that reason exports are not part of their strategic planning.

Lack of knowledge. Reid (1981) states that the main problem for companies that want to export is lack of knowledge. This lack of knowledge can be reflected initially in knowledge they have about international markets. Studies done by Kedia & Chhokar (1986) and Da Silva & Da Rocha (2001) found that lack of knowledge of international markets was an important barrier for non-exporting companies. Lack of knowledge about the procedure for exporting is another obstacle that has a strong adverse effect on non-exporting companies (Kedia & Chhokar, 1986; Moini, 1997; Shih & Wickramasekera, 2011). The awareness companies have of positive expectations as well as of the advantages that managers have by exporting is important to explain their behavior towards international trade (Bilkey & Tesar, 1977). A lack of knowledge about the benefits produced by export activities leads to non-exporting business people making deliberate decisions not to export. Those who do not export but are aware of the benefits of exporting work hard to do so and enter into international business (Shih & Wickramasekera, 2011).

Lack of information. Czinkota, Ronkainen & Moffett (2007) point out that information is crucial for executives who wish to enter international markets. Similarly, Minervini (2004) suggests that information forms the basis of every exporting project since the companies' decision to go international is related to the opportunities afforded by international markets and access the companies have to information (Santos & García, 2009). However, one of the main problems faced by firms is how to acquire the information needed to analyze international markets (Moini, 1997). In addition a failure to identify, select and contact these markets due to the inefficiency of the information can be problematic (Katsikeas & Morgan, 1994). Many companies are not familiar with national and international sources of information. In addition they lack a clear idea about the amount of specific information required (Leonidou, 2004). This lack of information can be extended to public and private programs for the advancement and support of internationalization activities (Pérez & Camarero, 2007).

Risk. Both the companies' behavior and their decision making are influenced by the perception of risk which accompanies any activity (Claver, Rienda & Quer, 2008). When an activity is associated with exports, managers formulate expectations about the profitability and the degree of risk implied in marketing abroad based on their own knowledge or on the experience of other companies (Cavusgil, 1981). The perception of risks associated with internationalization vary depending on the characteristics of the owners and/or executives (George et al., 2005, quoted by Claver, Rienda & Quer, 2008, p. 458). Likewise, companies perceive greater risks according to the degree to which they assume a greater commitment to international business. For this reason, firms that find themselves in the first stage of the internationalization process perceive lower risks related to international activity (Claver et al., 2008). The resources, the national and international macro context of the activities of the company and the supervision of management interact with and influence the perception and evaluation of risks associated with each level of international commitment in the decision making process (Liesch, Welch & Buckley, 2011). When companies perceive general risks and obstacles, their internationalization process advances more slowly (Kahiya, 2013) because the perception of risks is associated with difficulty in obtaining information and unfamiliarity with foreign markets (Jung & Bansal, 2009).

Uncertainty. Uncertainty is usually larger in international activities, compared to activities the company carries out in its domestic market (Johanson & Vahlne, 1978). These activities, added to the management and resources that the company assigns to its internationalization, have a direct influence on the perception of uncertainty and, of course, in the international commitment to export adopted by the company (Liesch, Welch & Buckley, 2011). Entering into foreign markets creates risk due to uncertainty and such activities are harder to control (Jung & Bansal, 2009). This is because confusing experiences, ignorance and other simply irrational behaviors exert an influence on the decision maker and on his or her perception of uncertainty. This can increase or decrease relative to a starting position (Liesch, et al., 2011) which in this case is the first stage of the process of internationalization.

Lack of time for export activities. In small companies, all decisions usually go through one person who lacks the time to carry out activities other than those he or she has in the domestic market. But, if a company's management wishes to enter into international markets, they must be willing to dedicate enough time to the tasks required for exports (Leonidou, 2004).

METHODOLOGY

The sample for this project was 262 manufacturing SMEs in the state of Michoacán taken from a universe of 826 SMEs which are non-exporting companies regardless of whether they processed any orders coming from abroad. To obtain the representative sample, the data base of the *Directorio Estadístico Nacional de Unidades Económicas* (National Statistic Directory of Economic Units or DENUE) offered by the *Instituto Nacional de Estadística y Geografía de México* was used. The confidence level calculated for the sample was 95% and the percentage of error was 5%. In order for all SMEs to have the same chance of being selected regardless of their industrial activities, a stratified probability sample was used. To determine the strata, the Industrial Classification System of North America from 2007 was used. In Mexico, *the Ley para el Desarrollo de la Competitividad de la Micro, Pequeña y Mediana Empresa* (Development of Competitiveness for Micro, Small and Mid-sized Businesses Act) indicates that the size of industrial SMEs is determined according to the following categories: companies with 11 to 250 workers, a range of yearly sales of $4.01 million to $250 million pesos and a combined maximum between 95 and 250 points obtained from the following formula: company score = (number of workers) X 10% + (annual sales balance) X 90%, which should be equal or below that of the combined maximum limit for their category.

The measurement tool used in this investigation was a questionnaire. In first instance, a dichotomous question was used to know if the company had ever processed an order from abroad. A Likert scale with 5 points (1 = Definitely; 2 = Probably; 3 = Undecided; 4 = Probably not; 5 = Definitely not) was used for the rest of the questions. This measurement was used for the elements of satisfaction with the experience, risk, uncertainty, safety inside the domestic market, sufficient sales, sufficient business, evaluation of the company, suitability to export, availability of time and lack of information. For example, to know if the companies consider exports to be risky they can answer 'definitely' or 'probably' in the risk factor). For the knowledge element the 5 points on the scale were (1 = Completely; 2 = Plenty; 3 = Regular; 4 = Little, 5 = Nothing), meaning that a company can know little or nothing about the process of exporting. A pilot test was done to determine the instrument reliability from which an Alpha coefficient of Cronbach of 0.890 was obtained.

The field work was carried out in the months of July and August of 2012, successfully obtaining 191 contacts (which represents a response rate of 73%). For the execution of the work, the companies were visited directly to find the proper people to answer the questionnaire in their own facilities with the hope of getting the largest number of answers. The proper person to answer the questionnaire is the manager or owner of the company, given that they make strategic decisions in the firm.

A t test was made with the data obtained to observe the different perceptions of the export inhibitors offered by non-exporting companies that have processed orders from abroad and non-exporting companies for which no orders have come from abroad, or which have been unwilling to process such orders. Afterward, the data was analyzed through descriptive statistics to identify which inhibitors most affected both groups of non-exporting companies. Additionally, a correlation and multiple linear regression was carried out to observe the connection and the percentage of variation that exists between the inhibitors proposed and the fact that companies do not export, as well as to determine how the dependent variable behaves in relation to the group of independent variables proposed.

RESULTS AND DISCUSSION

The results obtained from the t test can be seen in Table 1. The first two columns show the median and standard deviation for companies that did not receive and therefore did not process orders from abroad. The two following columns show data from companies which did process orders from abroad. The last column shows the t value contrasted by both groups of companies. The data indicates there isn't much of a difference in the perception of the inhibitors between companies which have responded to inquiries originating from abroad and companies that have received no inquiries originating from abroad.

Table 1: Descriptive Statistics of Export Inhibitors

Descriptive Statistics of Export Inhibitors					
	Did Not Receive Orders from Abroad		**Processed Order from Abroad**		
Company Related Inhibitors	**72%**		**28%**		**T value**
	Mean	**S.D.**	**Mean**	**S.D.**	
Negative experience in exports	2.36	0.23			
Risk	3.21	1.17	3.21	1.32	0.24
Uncertainty	3.14	1.09	3.25	1.27	-0.79
Security in the local market	3.07	1.49	2.70	1.58	1.22
High level of sales in the local market	4.00	1.38	4.36	1.19	-0.53
High level of business in the local market	3.87	1.46	4.38	1.16	-1.49
Lack of knowledge about international markets	4.12	1.34	3.38	1.62	2.02
Lack of knowledge about the benefits of exporting	4.42	1.02	3.77	1.37	2.40
Lack of knowledge about the procedure to export	4.46	0.95	3.15	1.36	4.53
Lack of knowledge about government support for companies intending to export	4.60	0.79	4.13	1.21	1.59
Lack of knowledge about governmental advice for companies intending to export	4.58	0.78	4.13	1.23	1.46
Evaluation done to find out if the firm has the ability to export	4.42	1.25	3.42	1.73	3.30
Consider their business has the ability to export	2.13	1.31	1.30	0.67	3.64
Lack of time to learn about the process to export	2.18	1.18	1.74	0.94	1.50
Lack of time to do business abroad	3.40	1.42	2.68	1.42	2.11
Lack of information about exports of products similar to those of the firm	4.37	1.21	3.40	1.61	2.94
Lack of information about the procedure to export	4.50	1.05	2.85	1.65	5.15
Lack of information about government agencies involved in the export process	4.18	1.28	3.38	1.61	2.09
Lack of information about overseas sales opportunities	4.29	1.28	3.64	1.55	2.77
Lack of market research in another country	4.79	0.70	4.09	1.51	2.73
Lack of information about international agreements that Mexico currently has	4.41	1.15	3.70	1.58	1.75
Lack of information about potential distributors	4.44	1.12	3.57	1.62	1.34
Lack of information about international trade shows	4.23	1.25	3.53	1.65	1.84
Lack of information about the financing offered by banking institutions for companies that are exporting	4.19	1.29	3.74	1.60	1.86
Lack of information about the financing provided by the Mexican government to firms intending to export	4.31	1.22	4.13	1.39	0.13
Lack of documental information about international business	4.46	1.10	3.92	1.60	1.97

Source: Prepared by the author based on data compiled through field work.

However there are two inhibitors with a marked difference. Lack of information about the procedure to export, had a t value of 5.15. Lack of knowledge about the procedure to export had a t value of 4.53. By observing this result we consider that companies which have processed orders originating from abroad have a larger need for information about international markets perhaps due to an intention of looking for orders in these markets and exporting their products on their own. These firms therefore are more prone to searching for information and turning it into knowledge.

Another factor which does not have such a marked difference but is nevertheless important is the perception showed by the companies capabilities for exporting. The resulting t value is 3.64, which shows that companies which have processed orders coming from abroad perceive themselves as having the necessary capabilities to satisfy demand abroad through exportations. Companies which have not filled orders originating from abroad, stated having the capability to develop exporting activities less frequently.

The above result has to do with evaluations carried out to know if a firm has the capability to export. It reports a t value of 3.3. This means that companies which have processed orders originating from abroad are more prone to making an evaluation to know if they have the capabilities for exporting as one more activity in their company. This may be due to the positive opinion they have about international business and the benefits that these have for companies which do export. For this reason, they attempt to identify, through an evaluation, if they are capable of meeting demand from abroad on a permanent basis. On the other hand, companies which have not received and/or processed orders from abroad reported doing less evaluations to know if they have the capabilities needed to export. Therefore, companies in this group which declared having the necessary capabilities for export activities, did so with plenty of optimism but without technical knowledge about those capabilities.

Table 2 shows the mean and the standard deviation of the inhibitors for exports of companies which processed orders from abroad. The results show a ranking of inhibitors to exports which most affect this group of companies as follows: 1) High level of business in the local market with a mean of 4.38; 2) High level of sales in the local market with a mean of 4.36; 3) Lack of information about the financing provided by the Mexican government to firms intending to export with a mean of 4.13; 4) Lack of knowledge about government support for companies intending to export with a mean of 4.13; and 5) Lack of knowledge about governmental advice for companies intending to export with a mean of4.13.

Table 2: Inhibitors for the Companies That Received Orders from Abroad

Processed Order from Abroad	Mean	Rank
High level of business in the local market	4.38	1
High level of sales in the local market	4.36	2
Lack of information about the financing provided by the Mexican government to firms intending to export	4.13	3
Lack of knowledge about government support for companies intending to export	4.13	4
Lack of knowledge about governmental advice for companies intending to export	4.13	5
Lack of market research in another country	4.09	6
Lack of documental information about international business	3.92	7
Lack of knowledge about the benefits of exporting	3.77	8
Lack of information about the financing offered by banking institutions for companies that are exporting	3.74	9
Lack of information about international agreements that Mexico currently has	3.70	10

Source: Prepared by the author based on data compiled through field work.

The two main inhibitors in this group of companies have to do with high levels of business and sales in the local market, which suggests that despite the fact that companies have processed orders from abroad, they have carried out evaluations to know if they have the capabilities to export, know the procedure for exporting (as can be seen in Table 1, this is one of the inhibitors which least affect this group of companies) and have some information about international business. They don't incorporate exporting activity as one of their usual activities due to the strong presence these companies have in their local market.

In Table 3 we find the mean and standard deviation of export inhibitors which most affected companies that did not received orders from abroad. The table shows a ranking of inhibitors which have the strongest effect on this kind of company as follows: 1) Lack of market research in another country with a mean of 4.79; 2) Lack of knowledge about government support for companies intending to export with a mean of 4.60; 3) Lack of knowledge about governmental advice for companies intending to export with a mean of

4.58; 4) Lack of information about the procedure to export with a mean of 4.50; and Lack of knowledge about the procedure to export with a mean of 4.46.

Table 3: Inhibitors for Companies That Did Not Receive Orders from Abroad

Did Not Receive Orders from Abroad	Mean	Rank
Lack of market research in another country	4.79	1
Lack of knowledge about government support for companies intending to export	4.60	2
Lack of knowledge about governmental advice for companies intending to export	4.58	3
Lack of information about the procedure to export	4.50	4
Lack of knowledge about the procedure to export	4.46	5
Lack of documental information about international business	4.46	6
Lack of information about potential distributors	4.44	7
Evaluation done to find out if the firm has the ability to export	4.42	8
Lack of knowledge about the benefits of exporting	4.42	9
Lack of information about international agreements that Mexico currently has	4.41	10

Source: Prepared by the author based on data compiled through field work.

By observing the rankings obtained from the companies which processed orders originating from abroad and from those that didn't, one can see that in both groups the following inhibitors occupy the first six places: lack of knowledge about government support for companies intending to export, lack of knowledge about governmental advice for companies intending to export, and lack of market research in another country. In both groups lack of knowledge about support and guidance that the Mexican government offers to companies that wish to export is strong. This occurs despite the money that that government has invested to allow its companies to export and have international business. It is also worth noting that in both groups, the lack of market research is an important inhibitor. This shows that companies don't know who their potential clients may be and, as a consequence, represents a strong inhibitor in the first stage of the internationalization process of the firm. How can they intend to export when they don't know who to sell to?

Table 4 indicates the maximum and minimum values as well as the mean and standard deviation of each independent variable corresponding to all the surveyed companies which do not carry out exportation activities (regardless of whether they have processed orders from abroad or not), together with the multiple determination coefficient (r^2). The results indicate the inhibitors which have a strong correlation with the lack of exports are: the lack of information about overseas sales opportunities, with a correlation coefficient of 0.732. These results can lead to the presumption that if a company lacks information about sales opportunities for their products abroad it is much less likely to have the need to export. Firms sell wherever they know of a demand for their products. Lack of knowledge about the benefits of exporting was the second inhibitor which most affects the surveyed companies with a correlation coefficient of 0.728. From this finding the following question can be inferred: How can companies become interested in exporting if they are unaware of the benefits which this activity implies? The lack of knowledge about governmental advice for companies intending to export has a correlation coefficient of 0.727 and is the third most important inhibitor.

The result of this inhibitor indicates that despite the efforts made by the Mexican government to develop guidance programs so that companies that wish to export can do so, the targeted companies are unaware of these programs. One can assume that the efforts made by the government to have its companies develop export activities have been largely unproductive. The fourth and last place, the lack of knowledge about the procedure to export, has a correlation coefficient of 0.725. This figure indicates that companies which processed orders coming from abroad did not develop the paperwork nor the logistics needed to consummate the export. This finding confirms what has been concluded in previous studies about the internationalization process of companies. These studies stated that sales that a company makes to foreign clients in the first stage are carried out as if they were domestic sales as the firm hasn't developed any activity aside from billing the items sold.

Table 4: Descriptive Statics and Correlation

Descriptive Statistics and Correlation	**Minimum**	**Maximum**	**Mean**	**D.S**	**Non-exporting Firms**	***R^2***
Negative experience in exports	1.00	5.00	2.35	0.67	0.067	0.00
Risk	1.00	5.00	3.21	1.21	0.113	0.01
Uncertainty	1.00	5.00	3.17	1.14	-0.014	0.00
Security in the local market	1.00	5.00	2.97	1.51	0.123	0.02
High level of sales in the local market	1.00	5.00	4.09	1.34	0.201**	0.04
High level of business in the local market	1.00	5.00	4.00	1.41	0.154*	0.02
Lack of knowledge about international markets	1.00	5.00	3.92	1.46	0.687**	0.47
Lack of knowledge about the benefits of exporting	1.00	5.00	4.24	1.16	0.728**	0.53
Lack of knowledge about the procedure to export	1.00	5.00	4.09	1.23	0.725**	0.53
Lack of knowledge about government support for companies intending to export	1.00	5.00	4.47	0.94	0.701**	0.49
Lack of knowledge about governmental advice for companies intending to export	1.00	5.00	4.45	0.94	0.727**	0.53
Evaluation done to find out if the firm has the ability to export	1.00	5.00	4.15	1.46	0.517**	0.27
Consider their business has the ability to export	1.00	5.00	1.91	1.23	0.105	0.01
Lack of time to learn about the process to export	1.00	5.00	2.05	1.13	0.386**	0.15
Lack of time to do business abroad	1.00	5.00	3.21	1.46	0.241**	0.06
Lack of information about exports of products similar to those of the firm	1.00	5.00	4.09	1.40	0.441**	0.19
Lack of information about the procedure to export	1.00	5.00	4.04	1.44	0.707**	0.50
Lack of information about government agencies involved in the export process	1.00	5.00	3.95	1.43	0.700**	0.49
Lack of information about overseas sales opportunities	1.00	5.00	4.09	1.39	0.732**	0.54
Lack of market research in another country	1.00	5.00	4.59	1.04	0.589**	0.35
Lack of information about international agreements that Mexico currently has	1.00	5.00	4.21	1.31	0.702**	0.49
Lack of information about potential distributors	1.00	5.00	4.18	1.34	0.554**	0.31
Lack of information about international trade shows	1.00	5.00	4.02	1.41	0.543**	0.29
Lack of information about the financing offered by banking institutions for companies that are exporting	1.00	5.00	4.05	1.40	0.545**	0.30
Lack of information about the financing provided by the Mexican government to firms intending to export	1.00	5.00	4.25	1.27	0.619**	0.38
Lack of documental information about international business	1.00	5.00	4.30	1.29	0.607**	0.37

Source: Prepared by the author based on data compiled through field work.** Significance at 5%

Once the multiple determination coefficient (r^2) for each variable were obtained, an analysis and interpretation corresponding to each of the variables was carried out. From this analysis I inferred that: 1) the lack of information about overseas sales opportunities explains 54% of the reasons surveyed companies do not develop export activities, 2) the lack of knowledge about the benefits of exporting explains 53% of why surveyed companies do not develop export activities, 3) the lack of knowledge about governmental advice for companies intending to export explains 53% of why the surveyed companies do not develop export activities, 4) the lack of knowledge about the procedure to export explains 53% of why the surveyed companies do not develop export activities.

Table 5 shows the data from the multiple linear regression. The results show the variable "uncertainty" was the most important of this analysis with a Beta coefficient of 0.171, followed by the variable "high level of sales in the local market" with a beta coefficient of 0.126, and the variable "consider their business has the ability to export" with a beta coefficient of 0.123. These variables are most important in the regression equation given that their coefficient has the largest absolute value, aside from indicating the amount of change in typical scores produced in the dependent variable for each change of a unit in the corresponding independent variable.

Finally, excluding the variables "lack of information about the financing offered by banking institutions for companies that exporting", "negative experience in exports", "lack of knowledge about governmental advice for companies intending to export" and "lack of information about government agencies involved in the export process", results in all other variables used in this investigation having significant coefficients. Therefore, they make a significant contribution towards explaining what happens with the lack of exports in the surveyed companies.

DISCUSSION

According to Colaiácovo (1996), having a negative exporting experience causes companies to reject the idea of exportation. I found that this inhibitor does not represent a significant problem given that most companies which processed orders coming from abroad pointed out that their experience had been satisfactory. Processing orders coming from abroad leads companies to gain experience and search for information related to international markets. For this reason, their position in the process of internationalization of firms may change so that they become active exporters (Bilkey & Tesar, 1977; Wiedersheim-Paul et al., 1978; Reid, 1981; Cavusgil, 1982; Czinkota, 1982; Crick, 1995; Leonidou & Katsikeas, 1996; Hodgkinson, 2000; Jansson & Sandberg, 2008). Shih & Wickramasekera (2011) point out that experience and knowledge are necessary for every company which looks to export.

Few companies consider exports to be risky, a result which echoes that of Fillis (2002). In contrast, Julian & Ahmed (2005) and Shih & Wickramasekera (2011), Ahmed, Julian, Baalbaki & Hadidian (2004) and Pinho & Martins (2010) found that the risk of exports was an important barrier. Most surveyed companies estimate that security in the domestic market is not an important inhibitor for exporting. This results reflects results obtained by Ahmed et al. (2004), but differs from that of Fillis (2002) and Julian & Ahmed (2005) where security in the domestic market turned out to be one of the strongest inhibitors to exporting. Colaiácovo (1996) found that when sales and business in the domestic market are viewed as sufficient, companies are not interested in exporting. However, this research found that having enough sales and business in the domestic market is not the inhibitor which most affected the companies in their exporting endeavors either.

Table 5: Regression Data

Model	Typified Coefficients Beta	t	Sig.	Significance
Negative experience in exports	-0.008	-0.453	0.651	NO
Risk	0.103	4.128	0.000	YES
Uncertainty	0.171	6.792	0.000	YES
Security in the local market	0.100	5.468	0.000	YES
High level of sales in the local market	0.126	4.976	0.000	YES
High level of business in the local market	0.071	2.772	0.006	YES
Lack of knowledge about international markets	0.078	2.763	0.006	YES
Lack of knowledge about the benefits of exporting	0.063	2.094	0.038	YES
Lack of knowledge about the procedure to export	0.083	2.456	0.015	YES
Lack of knowledge about government support for companies intending to export	0.073	1.717	0.088	NO
Lack of knowledge about governmental advice for companies intending to export	0.041	0.935	0.351	NO
Evaluation done to find out if the firm has the ability to export	0.093	4.489	0.000	YES
Consider their business has the ability to export	0.123	7.006	0.000	YES
Lack of time to learn about the process to export	0.093	4.926	0.000	YES
Lack of time to do business abroad	0.053	2.799	0.006	YES
Lack of information about exports of products similar to those of the firm	0.061	3.399	0.001	YES
Lack of information about the procedure to export	0.074	2.547	0.012	YES
Lack of information about government agencies involved in the export process	0.048	1.678	0.095	NO
Lack of information about overseas sales opportunities	0.102	4.071	0.000	YES
Lack of market research in another country	0.057	2.562	0.011	YES
Lack of information about international agreements that Mexico currently has	0.084	3.029	0.003	YES
Lack of information about potential distributors	0.089	4.308	0.000	YES
Lack of information about international trade shows	0.075	3.678	0.000	YES
Lack of information about the financing offered by banking institutions for companies that are exporting	0.009	0.348	0.728	YES
Lack of information about the financing provided by the Mexican government to firms intending to export	0.114	4.142	0.000	YES
Lack of documental information about international business	0.108	5.088	0.000	YES

Source: Prepared by the author based on data compiled through field work.

De Clercq, Sapienza, Yavuz, & Zhou (2012) point out that internationalization is not something that comes randomly, nor does it appear because clients push companies to do so. Rather, internationalization comes as a result of a variety of sources of knowledge and styles of acquisition of knowledge. Concerning knowledge with regard to this investigation, the following subjects were studied: international markets, positive factors of foreign trade, knowledge of the procedure of exporting, awareness of government support and assistance to companies which look to export. In all cases it was found that the surveyed companies largely lack knowledge of these areas. This result confirms results described by Johanson & Widersheim-Paul (1975) regarding the lack of knowledge as one of the most important barriers to the internationalization of the companies. Regarding the lack of knowledge about international markets, my results are similar to those of Kedia and Chhokar (1986), who found it to be the second most important hindrance for non-exporting companies. Similarly, Okpara (2009) was found it to be the most important one. He also found the lack of knowledge about the benefits of exports is a strong inhibitor for companies which haven't processed orders from abroad. This result reflects that of Shih & Wickramasekera (2011) who found that lack of knowledge about the benefits of exports is a strong inhibitor for non-exporting companies.

On the other hand, for companies which have processed orders originating from abroad this is a minor inhibitor, suggesting that companies which have processed orders from abroad are aware of the benefits obtained through exporting. Regarding the lack of knowledge about the procedure to export, the data found was similar to the findings of Kedia & Chhokar (1986); Moini (1997) and Shih & Wickramasekera (2011) where non-exporting companies identified the lack of knowledge about exporting procedures as an important barrier. The lack of knowledge of advice programs w was also analyzed by Da Silva & Da Rocha (2001) who did not find, however, that it had a strong impact as a barrier for exports for the Brazilian companies. In contrast, the surveyed companies in this study frequently mentioned a lack of knowledge of the assistance offered by the Mexican government to exporting companies.

This investigation also found that surveyed companies held the belief that they can carry out export activities despite not having made the evaluation to know if they have the capabilities or not. This finding is in contrast to Occhipinti (1998) who found that many companies which were asked whether they were capable of exporting responded negatively even before having carried out the evaluation to find out if they had the physical, technological, material financial and human capabilities to do so. Companies that processed orders coming from abroad represented the majority among those who gave affirmative answers when asked whether they had carried out evaluations to know if they had the capabilities for export activities. This finding suggests that processing orders originating from abroad ignites the need in business people to know if they have the capabilities to make exports continuously and as an everyday activity within the company.

A lack of time to do business overseas didn't turn out to be a strong inhibitor in this investigation. Business people answered that they had time to learn the process of exporting, and therefore that is not an important problem either.

The findings encountered in this investigation on the lack of information for exporting resembles those found by Katsikeas & Morgan (1994); Al Hyari, Al Weshaah & Alnsour (2012); Milanzi (2012) and Nazari, Hasangholipour & Khalili (2012) who found lack of information is one of the three most important problems. The result obtained on the lack of information about distributors abroad also coincides with those of Katsikeas & Morgan (1994) and Tesom et al. (2006) who both found this problem appeared as an important one. In contrast, Trimeche (2002) showed it didn't have a strong impact. Concerning the lack of information about the support and assistance for exporting offered by governments to companies that wish to export, the result obtained in this investigation contrasts with the findings of Milanzi (2012) who found that problem has a medium amount of importance.

CONCLUSIONS

The goal of this paper was to identify export inhibitors that have the strongest effect on manufacturing SMEs in the state of Michoacán in the first stage of the internationalization process of companies. General managers and owners of 191 manufacturing SMEs were surveyed to identify which inhibitors they considered affected their interest and performance with regards to exports the most. The results were analyzed through descriptive statistic to find the frequency of the answers. The variables were correlated to know which was most related to lack of exports and a multiple linear regression was carried. The regression showed that the variable "uncertainty" was the most important in the regression equation.

Lack of information and lack of knowledge concerning exports and international trade are the strongest inhibitors for the companies studied for this investigation. This result is, to a certain degree, normal since companies transform information into knowledge and, in this case, there is a lack of both. It is important to point out that the problem is not a lack of information being offered by the federal government of Mexico. In contrast, there are several channels of both federal and state governments, as well as private ones, which offer information about exports and international trade. The problem resides in this information not reaching the interested stakeholders. One reason could be that owners and managers are not aware of the availability of programs and information about foreign markets because they think that this information is generally centered in the domestic market and consequently of no interest to them. Because of that information about exports, as well as government programs which offer assistance for them, does not reach the key stakeholders in an efficient manner. Therefore, it is necessary to improve this programs as well as the way in which the information channels are used to increase their effectivity.

Companies that have processed orders coming from abroad have accumulated experience and knowledge from it (Ackoff, 1989). Nevertheless if they wish to consolidate their presence in international markets, it is necessary for them to look for orders themselves and search new markets in other countries with the purpose of having a continuity in their exports. This allows them to have large export activities with sustained growth through diversification and complexity of the markets, as indicated by Moori-Koenig, Milesi & Yoguel (2001); Moori-Koenig, Yoguel, Milesi & Gutiérrez (2004); Moori-Koenig, Rodríguez, Yoguel & Granados (2005); Milesi, Moori-Koenig, Robert & Yoguel (2007).

Inhibitors such as risk and uncertainty are not as important to owners and managers of the surveyed companies. This result is perhaps due to the fact that they find themselves in the first stage of the internationalization process of their companies. As they advance, the risk and uncertainty will increase and turn into problems with exports in more advanced stages (Claver et al., 2008). On the other hand, one can also see in the results that lack of time to do business abroad, security in the local market, lack of time to learn about the process to export and considering their business have ability to export are the inhibitors which least affect the companies that were measured. Therefore, companies indeed might be interested in exporting if they had adequate information and knowledge to serve other markets beside their local one, thus achieving growth and development.

The limitation of this study was related to field work. We completed only 73% of the projected sample as a consequence of not finding the proper person to answer the questionnaire in many companies. In other instances they refused to answer it due to a lack of time or unwilligness to give out such information. For these reasons one must be careful not to generalize the results.

The main reason for undertaking this investigation was to identify export inhibitors that had the strongest effect on manufacturing SMEs in the first stage of the internationalization process of companies. There remains a need for investigation about the problems and inhibitors that appear in each stage of the process of internationalization of firms as well as the extent to which they affect companies in their exporting efforts. These obstacles often prevent the organizations' progress through the stages (Leonidou & Katsikeas 1996). In addition each problem may have a different effect depending on the stage in the internationalization process (Bilkey & Tesar 1977; Kedia & Chhokar, 1986; Leonidou, 1995; Smith et al., 2006). It is also appropriate to investigate how companies that have advanced in the internationalization process of firms have solved the problems they have faced in each stage and the decisions they have made to solve them on each of the stages.

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