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EXPORT - WHAT CONDITIONS  
ARE NECESSARY FOR ENTREPRENEURS TO GO ABROAD?

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Supervisor: Dr. Markus Mau



**EXPORT - WHAT CONDITIONS  
ARE NECESSARY FOR ENTREPRENEURS TO GO ABROAD?**

Dissertation for obtaining the doctor's (PhD) degree

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Dissertation to obtain a PhD degree

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**ABSTRACT**

This study focuses on the main factors affecting the attitude of entrepreneurs towards international trade. Using the example of the entrepreneurs of the Austrian district of Burgenland, the influence of entrepreneurial orientation on export performance is analysed. The aim of this study is to identify important factors behind psychological distance towards exporting and to analyse their connections.

To achieve this, quantitative and qualitative methodological approaches were used in conducting a descriptive, exploratory and transversal empirical study, via a questionnaire answered by entrepreneurs, exporters, non-exporters, and trade delegates who advise and support entrepreneurs in export matters, as well as through expert interviews and focus groups in these target groups.

The results of this research show that trustworthy business partners are an important key component for entrepreneurs to start in exports or expand their export business. The findings imply the necessity to invest in entrepreneurial networks as a strategic determinant, which contributes to the growth of firms in foreign markets. In contrast to previous research, this study finds that (potential) exporters do not consider it easier to start their export business in neighbouring countries, an important fact with regard to impulses for sustainable economic growth. Finally, this study makes an important contribution to the national concepts and strategic management of institutions and organisations whose aim is to revive export businesses and the wider economy.

**Keywords:** entrepreneurial orientation, export performance, SMEs.

**JEL-Classification:** F14, F60, D81, D91, Y40

## PREFACE

*“Today's business world needs managers as "one world" people who are no longer only at home in their own country, but are able to understand all markets - and that is the world.”*  
*Carl Hahn, former chairman of Volkswagen A.G, an early global visionary*

The Austrian district of Burgenland is located in the eastern part of the country. Nearly 5 percent of the 17,000 companies of the region are engaged in exports, only half the Austrian average. In the last decade, the region has benefited from different subsidy programmes of the European Union. The region is experiencing an upturn.

Again and again as part of my work as an employee of the Economic Chamber of the Austrian district Burgenland representing Burgenland's firms, I was confronted with complaints by the entrepreneurs that export business is not supported enough in our region. On the other hand, I also know plenty of companies who are successfully working abroad.

For me, the following questions have come to the fore: What conditions must be fulfilled for non-exporters to enter new markets? What motivates entrepreneurs to offer their products abroad? Which markets do entrepreneurs consider interesting? How can the current service and consultancy offers for export business be expanded? With which measures would it be possible to mobilise the secret reserve of non-exporters? Which measures will be successful?

The answers to these questions should be an impetus for a future-oriented economic policy in the region.



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## ABBREVIATIONS

AW	Außenwirtschaft, Foreign trade
BE	Belgium
CH	Switzerland
CN	China
CZ	Czech Republic
DE	Germany
EFRE	European Regional Development Fund
ES	Spain
ESF	European Social Fund
EU	European Union
FR	France
FDI	Foreign Direct Investment
GB	Great Britain
GDP	Gross Domestic Product
HR	Croatia
HU	Hungary
IT	Italy
KOF	Konjunkturforschungsstelle Zurich, Switzerland
NACE	Classification of economic activities in the European Community
NL	Netherlands
PL	Poland
R&D	Research & Development
RO	Romania
RU	Russia
SE	Sweden
SL	Slovenia
SK	Slovakia
SME	Small and medium sized enterprises
TA	Trade agreements
TR	Turkey
US	United States

## 1. INTRODUCTION

What benefits does exporting bring? An extension of the domestic market combined with lower unit costs and increasing sales and profits. The advantages are apparent. However, there is an equally important question: Why do many entrepreneurs not even try exporting? What stops them from doing it? Are there more disadvantages than advantages? Without doubt, beginning exporting is also associated with risk and commitment. What conditions must therefore prevail in order for exporting to flourish? This study is intended to elucidate the favourable framework conditions for exporting, from the points of view of non-exporters, exporters and export institutions. What developments are to be expected in the relationship field of tension between globalisation and regionalisation? On the one hand, the local economy is to be promoted through the purchase of regional products; on the other hand, the democratization of travel and the new media creates a desire for international products and lifestyle styles.

Despite the complexity of the globalisation phenomenon, economic aspects are mostly the focus of attention and lead to skepticism and even fear, especially in the old industrial nations. Although, by differentiation of labor, traditional structures are indeed raised to question, the process of globalisation makes a significant contribution to economic development and overcoming inequality in the world (Rübel, 2013, p. 1).

People have become more mobile over recent decades. Entrepreneurs with an immigration background are active in the economy. Do these ethnicities influence the international flow of goods? In this study, many different aspects and their effects on export growth are examined. This dissertation is intended to contribute towards driving regional business forward. For many companies cross-country activities are a necessity in order to achieve predetermined growth targets. On the other hand, the expansion of the company's activities to international markets often ensures the competitiveness of companies and thus their sustainable existence. Networking of economies, e.g. NAFTA, EFTA, increased mobility of market players and new communication media, such as satellite television and the Internet, promote the network of companies all over the world (Berndt, Fantapié Altobelli, and Sander (2016, p. 3).

### 1.1. Motivation and Scope

This research focuses on the Austrian district of Burgenland, because Burgenland, the eastern district of Austria, was determined of the European Union as an Objective 1 area from 1995 to 2006. During this time, 833 million euros have been invested in Burgenland's development. From 2007 to 2013 Burgenland benefited from the Phasing-Out Programme in the form of financial aid (444 million euros). The area is said to be a region in transition from 2014 to 2020. Seventy-two million euros are currently available in the European Social Fund (ESF) and the European Regional Development Fund (ERDF) to provide money for research, innovation, strengthening the competitiveness of SMEs and investments in energy efficiency in Burgenland. According the Regional Management of Burgenland, the region generated 64 percent of the average EU gross domestic product (GDP) per capita in 1994. Today, after several aid programmes, Burgenland produces 82% of the EU average. Between 1994

and the present, the export rate has doubled. According to Statistik Austria, Burgenland and Vorarlberg showed the strongest five-year trend from 2011. Over the last 5 years Burgenland has recorded the best result of all federal states, with an increase in exports of + 24.6%, followed by Vorarlberg with an increase of 15.8%.

The region has long been disadvantaged by its geographic location and economic small-scale structure and has started a catching-up process compared to the other federal states. Goods “made in Burgenland” now enjoy great popularity abroad. In 2015, the value of exports exceeded 2 billion euro for the first time. According to Statistik Austria, the electronic industry has the highest export rate with 0.59 billion euros (30%), followed by plastics with 0.18 billion euro (9%) and synthetic or artificial spun fibres with 0.12 billion euro (6%).

The expectations of entrepreneurs for the future are positive. Every six months the Economic Chamber of Austria collects data about the economic expectations of the entrepreneurs of the country, the so-called “Wirtschaftsbarometer” (Wirtschaftskammer 2016, December 01). This study shows that the entrepreneurs of Burgenland predicted a new record in export sales and that exporters in general are more optimistic about the economic future of their companies. However, these expectations were not met. In 2016 the export volume of the Burgenland economy decreased by 4.3% (Statistik Austria, 2017b). The expectations of exporters are particularly positive with regard to indicators of economic climate, investment and the number of employees, while non-exporters have a clear negative expectation regarding the factors cited. In this study, the oil price, the exchange rate and a decline of the world trade are regarded as risks that might lead to a possible slowdown.

Empirical findings (Köstner, 2011, p. 251) show that a manager’s experience abroad has a particular influence upon a company’s export intensity. Nevertheless, what if entrepreneurs have no experience or very little? The present study begins with this question and closes the gap by analysing the conditions that motivate entrepreneurs to become active in export business or to expand their export business further. The aim is to make recommendations for the design of export subsidy programmes aimed at addressing new exporters and generally stimulating export business.

*“We are the blind men and strategy formation is our elephant. Since no one has had the vision to see the entire beast, everyone has grabbed and hold of some part or other and ‘railed on in utter ignorance’ about the rest.” (Mintzberg, 1990)*

In the parable of the elephant, Mintzberg refers to a fable after John Godfrey Sachse, according to which blind men feel an elephant. Everyone believes that he can describe the elephant phenomenon through the sensed part. He thus compares organizational and strategic research, which can also be viewed from different perspectives and which can have very different characteristics. “We are the blind men and the elephant is the internationalisation process.” (Mintzberg, 1990, and Bäuerle, 1996, p. 3.)

## **1.2. Outline of the Dissertation**

What are the main factors affecting international trade concerning the attitude of entrepreneurs? What



can be done from different sides - both politically and economically - to provide positive influences? Firstly, it should be noted that among the factors that influence foreign trade are geographic location, the availability of natural resources and the structure of the economy, and the level of economic development and the political situation, both at home and abroad. Geography and the economic system are given factors, whereas the attitude and knowledge of entrepreneurs can be affected by local measures.

This study addresses the question of whether the attitude of entrepreneurs is conducive to exporting, whether any opportunities are recognised and if there is a need for more efficient knowledge management. It also asks the question: what do entrepreneurs need in order to reduce the psychological distance to exporting and to take their first steps in foreign business?

Table 1: Structure of work

Conceptual part and basis	Chapter 1	Introduction
	Chapter 2	Related literature
	Chapter 3	Objectives
	Chapter 4	Methodology and research methods
Empirical part	Chapter 5	Research results
	Chapter 6	Discussion
	Chapter 7	Conclusion and recommendations for further action

Own presentation

The present work is divided in the conceptual part and in the empirical part. The study is completed with the conclusion and recommendations for further action.

In Chapter 1, the overall theme of the thesis is presented and delineated. The related literature is introduced and analysed in Chapter 2. Chapter 3 is dedicated to the presentation of objectives. Chapter 4 addresses data analyses, investigation settings and methods used.

In Chapter 5 the results are presented. The specific parameters are analysed and the results of the different investigations are presented in detail and linked with each other and analysed by means of hypotheses regarding a connection or as a basis for further recommendations or investigations.

Limitations and results are discussed in Chapter 6. The knowledge gained in the study is compared as a pros and cons with the current state of the literature.

The summary and the recommendations for action are the topic of chapter 7. The focus is on recommendations for policy frameworks and recommendations for service packages and consulting offers offered by institutions and institutions involved in exports, with the aim of increasing exports.

### 1.3. Research question and hypotheses

“The European Union (EU) is the world’s biggest single market. Sometimes, potential exporters feel they need more information on how to meet EU standards. Help is at hand,” it says on the pages of the EU (European Union, 2018, p. 1) on the Internet.

It is the question of whether entrepreneurs recognise these opportunities and want to take advantage of the possibilities offered. Austrian Exports worldwide have doubled in the time period of 2000 to 2017 (+104%). According to the Austrian Economic Chamber there is potential for the export economy especially outside Europe:

- Export plus 2000-2017 to destinations in Europe “just” 89%
- Germany “even only” 84%
- Exports to Africa +103%
- Exports to America + 184%
- Exports to Asia + 206%
- Exports to Australia, Oceania + 259%

Therefore the research question of this study is: What conditions are necessary for entrepreneurs to go abroad? What do they personally need, apart from the economic framework conditions, to engage in export business? The research question places the entrepreneurs themselves in the centre.

The focus of research is often on the economic framework. Apart from the basic conditions, however, the entrepreneur’s personality, his attitude, his enthusiasm for innovation, his self-understanding and his self-esteem play an important role. What do new exporters need to take the first step into international markets? What do registered exporters say? How and why were they successful or failed? What did they do wrong? How can government institutions and interest groups, like the Economic Chamber, benefit from these study results for their strategy programmes concerning export business? How can they stimulate the export industry? The aim of this work is to make recommendations for the promotion of the export economy.

According to Mintzberg (1990), entrepreneurs have

- An informational role (monitor, disseminator, spokesperson),
- An interpersonal role (figurehead, leader, liaison) and
- A decision role (entrepreneur, disturbance handler, resource allocator, negotiator).

The present study is based on these three personality parts. Entrepreneurship is at the centre of things. It is the starting point for initiatives for the internationalisation of the company, irrespective of the size of the company.

The entrepreneurs, their psychological distance and attitude towards exporting, their worries, fears, attitudes and desires are the focus of this study. The external view - on the sensibilities of the entrepreneurs, the available consultancy and service offers as well as the prospects for the foreign markets - are related to each other through the involvement of the trade commissioners.

The queried settings of the expert interviews and the surveys can be categorised as follows:

- A. Involvement - Is export generally an option for the entrepreneur? – corresponding to Mintzberg's interpersonal role:
  - viable economic basics in the company
  - integration of the regional economy into the international economy
  - quality awareness
  - pride in own products
- B. Self-confidence - How does the entrepreneur rate the general starting position concerning the economic conditions in his environment? - corresponding to Mintzberg's informational role:
  - information
  - network
  - funding programmes
  - consulting service
- C. Assessment of personal needs and measures for satisfaction of needs –What could motivate him to export? - corresponding to Mintzberg's decisional role:
  - commitment
  - assessment of opportunities

Derived from these topics, the following hypotheses are examined:

1. Exporting to neighbouring markets is seen as the first step in foreign trade.
  - Do entrepreneurs prefer to start export business in neighbouring markets?
  - Do they extend their operations to more distant markets later?
  - On the other hand, is it, according to their opinion, no risk to tackle markets that are more distant straight away?
2. Entrepreneurs recognise globalisation an opportunity for the export business.
  - The export economy is driving globalisation, and the trend towards regionalisation is countering this. Tendencies to reinforce and reconstitute regional relationship coexist with tendencies towards internationalisation (Jürgens, 2016, p. 142).
  - Do the entrepreneurs recognise this phenomenon? Does it have an impact on their activity?
3. Entrepreneurs evaluate the opportunities and risks of foreign trade as balanced.
  - The more countries entrepreneurs wish to export to, the more opportunities they see.
  - The more information entrepreneurs know, the more opportunities they see.
  - Entrepreneurs who think that Austria is integrated well into the international economy due to its infrastructure see greater opportunities in exporting.
  - Entrepreneurs who think Burgenland is lagging behind other regions in exports also assess the export chances as lower.
4. Entrepreneurs perceive bureaucracy, taxes and duties as aggravating the export business.
  - Entrepreneurs and trade delegates differ in evaluating the importance of support in legal matters.
  - Entrepreneurs and trade delegates differ in evaluating the importance of political stability.
  - Delegates consider the political situation as an influencing factor for export to be

significantly more important than the surveyed entrepreneurs do.

5. Successful exporting-entrepreneurs are pioneers and, as such, are perceived as role models by other companies.

- What role do pioneers play in the export industry?
- To what extent do they motivate other entrepreneurs to enter foreign trade relationships?

6. Lack of government funding is seen as an obstacle to the export economy.

- Trade commissioners rate funding programmes to be more important than the relationship network in the target market.
- Delegates classify risk more important than promotion programmes.

The main contribution of this thesis is the analysis of the attitude of entrepreneurs to the assessment of risks and opportunities in deciding on the entry and deepening of export relations. It teaches how decision-makers judge the conditions of export business differently. The study results support the learning process in the internationalisation process of companies empirically.



Figure 1: Subject areas for quantitative and qualitative research, questions and recommendations, own description

The observed subject areas for quantitative and qualitative research, for questions and recommendations are shown in Figure 1. The assessment of opportunities and risks is queried. The advice is directed from entrepreneurs and trade delegates of the Austrian Economic Chamber to regional, national and international institutions and (first) exporters.

Topics concerning opportunities are entrepreneurship in general, organisational matters, promotion programmes, and globalisation as well as trade facilitations. Themes concerning risks are organisational matters, lack of information, lack of competitiveness, circumstances of foreign markets regarding and trade barriers.

## 2. RELATED LITERATURE

Global trade and global division of labor has always existed. Nowadays, low transport costs make this division of labor more intensive - also due to the unprecedented reduction of trade barriers after the Second World War. From history, the lesson to be learned is that there are no advantages in limiting global trade. “A permanent exit from the international division of labor has never proved successful”. (Plumpe, 2017, p. 333)

According to Brouthers and Hennart (2007, p. 419), foreign market entry is a multilevel phenomenon that plays itself out at the parent, subsidiary, industry, and home and host country levels. Entrepreneurs have individual assets that help them recognize new opportunities and assemble resources for new ventures (Alvarez & Busenitz, 2001, cited in Ruzzier et al. 2007, p. 16). The entry choice is not a decision, which is made at a specific point in time, but rather an iterative process unfolding over time (Pettigrew, 1997).

Foreign trade has been the subject of scientific research for decades. According to Aharoni (1966), “internationalisation is not the result of a strategy for optimum allocation of resources to different countries where alternative ways of exploiting foreign markets are compared and evaluated. Rather the consequences of international adjustments to changing conditions of the firm and its environment”. The first stage is the initial phase. In this part, internal, e.g., individual interests of the business owner and external impulses have an effect. External impulses are proposals from external business partners such as foreign traders, threats of foreign markets such as high customs barriers or follower effects. In the further evaluation phase, the investment opportunities are evaluated. In the decision-making phase, the possibilities of enforcement in the organisation are examined. After this, agreements concluded and possible renegotiations take place.

In the latest decades, research has tried to determine a firm’s internationalisation by examining the evolution, structure, and processes of relationships among the firm’s demographic, strategic, market, organisational, product, and attitudinal characteristics of internationalisation (Forsgren, 1989; Johanson & Vahlne, 1977; Zagorsek & Marc, 2005, cited in Ruzzier, Antoncic, Hisrich & Konecnik (2007, p. 21). Following others (Daily et al., 2000; Manolova et al., 2002; Reuber & Fischer, 1997; Sullivan, 1994, cited in Ruzzier et al, 2007, p. 21), a combination of existing and developed measures to capture the multidimensionality of internationalisation were used.

Buckley (1981, p. 70, cited in Bäuerle, 1996, p. 9) defines multi-national enterprises according to their “operating”, “structural” and “behavioural characteristics”. Dülfer (1992, p. 7, cited in Bäuerle, 1996, p. 9) divides between qualitative and quantitative characteristics.

In accordance with Johanson and Vahlne (1977), state aspects like market commitment and market knowledge, and change aspects like current business activities and commitment decisions are the basic mechanism of internationalisation.

The findings of the studies of Gnizy, Cadogan, Oliveira & Abdul-Talib (2016) imply that the management of the firm's level of export dispersion is a complex task, whereby, the degree of export dispersion pursued needs to match external environmental and internal firm factors.

In the literature, the Uppsala model is used to explain the internationalisation process. Under this model, the internationalisation of enterprise activity is explained as a step-by-step process depending on the psychological distance between an enterprises' current business model and a foreign market. Factors that can slow down the company's knowledge acquisition over its (potential) markets are recorded. These include, but are not limited to, language, culture, level of education and the economic development of the countries concerned, but also the geographic distance between the home country of the company and other countries (Johanson & Wiedersheim-Paul, 1975).

For a behaviourist approach to internationalisation, the cultural distance played a major role in the 1970s. According to this approach, it makes a big difference whether foreign expansion takes place in a neighbouring country very close to one's own culture, or a more distant country. This idea was incorporated into the present work to check its validity about nearly four decades later.

The Uppsala model is a theory that describes how companies gradually step up their internationalisation activities. It is similar to the POM model by Reijo Luostarinen (1979).

The Uppsala model distinguishes between a temporal and local pattern. The temporal pattern describes the fact that companies initially gain experience in the home market and then start exporting. If this step is successful, the establishment of foreign representatives and the relocation of production to foreign countries will follow.

The local pattern describes the way that companies first approach markets that are physically closest to them. It is only afterwards that culturally or geographically distant markets follow. This study examines the varied empirical findings as a link between the attitude of entrepreneurs and the conditions that are desired with regard to starting exporting or with regard to export activity generally.

According to Reid, the export expansion process can be represented schematically as a five-stage hierarchy: export awareness, export intention, trial, evaluation, and acceptance. Whereas the exporting process is conceived as following these stages chronologically, it is possible and quite likely that some of them may occur together (Reid, 1981).

Among the more than 520,000 Austrian entrepreneurs, there are 51,500 exporters (Außenwirtschaft, 2016, 5). The share is 10% on average, but only around 5% in Burgenland (own calculation). There is much catching up to be done. The challenge is to attract entrepreneurs to offer their products on foreign markets. According to Foreign Trade Austria, a one % increase of exports would create 10,000 new jobs (Außenwirtschaft 2016, p. 6). Increasing exports then is an impetus to improve business and society.

If a company has decided to become active on an international market, it has the choice between a wide range of alternatives ranging from simple indirect exports to the establishment of own

subsidiaries. “It also takes into account whether the market entry is linked to a direct investment or not. The different forms of market entry can be distinguished in the main strategies of exports, licensing agreements and direct investments. In addition to the factual aspect of the market entry, an enterprise must also be in the context of the market entry strategy via the timing of the market entry.” (Berndt *et al.*, 2016, p. 123 ff)

Ruzzier *et al.* (2007) use “a structural equation modeling technique to predict the internationalisation of small and medium-sized enterprises (SMEs) from the entrepreneur’s human capital (dimensions: international business skills, inter-national orientation, environmental perception, and management know-how). While international orientation and environmental risk perception predicted internationalization, international business skills and management know-how did not.”

Nurmi and Ilmakunnas (2007, p. 18) analysed export market entry and exit from a long run. “Larger, younger, more productive and capital-intensive plants are more likely to enter and less likely to exit the export market. Entering plants have more educated but less experienced staff.” Their findings confirm that entry stage plants seem to gain from the experience of others who are already exporting. On the other hand, Ruzzier *et al.* (2007, p. 26) concluded after an investigation by Slovenian companies that the rapid globalisation of markets requires that certain firms compete internationally, virtually from the outset.

Reid assumes that “it is apparent that export behaviour is likely to be more affected by individual decision maker(s), especially in small firms. “In larger enterprises, structural arrangements as intragroup trading, territorial allocations, and sourcing policies which are likely to be present in the large firm, such factors have not been given explicit consideration by researchers focusing on behaviour (Reid, 1981)”.

He proposes to develop a conceptual model explaining the impact of the decision-maker on foreign entry and export expansion behaviour, develop a number of propositions about these relationships, and provide a summary comment as to their implications for export behaviour research and export policy. In his research, he interprets the export decision-making as an innovation-adaption process.

*“Export attitudes and knowledge of the way they influence choice of method of foreign entry, choice of country, and recognition of potential opportunities represent the major elements of exporting as an adoption of innovation process. Whereas this specifically addresses the influence of the decision-maker, it must be remembered that export choice can be made only if resources exist which allow such choice to be exercised. In this respect the firm characteristics can play a crucial role to facilitate engaging in exporting activity.”*  
(Reid, 1981)

Table 2: Export behaviour as an adoption of innovation process

	Stage 1	Stage 2	Stage 3	Stage 4	Stage 5
	Export awareness	Export intention	Export trial	Export evaluation	Export acceptance
EXPORT ADOPTION STAGES	Problem or opportunity recognition, arousal of need	Motivation, attitudes, beliefs, and expectancy about export contribution	Personal experience of limited exporting	Results from engaging in exporting	Adoption /rejection of exporting
DECISION MAKER Variables involved	Past experience export-related or not; type, level, amount of foreign information exposed to, and associated individual characteristics, unsolicited orders	Expectations from entry into foreign market, foreign market orientation, export orientation and underlying attitudes toward foreign involvement	Sought foreign orders through search of foreign market	Profitability, sales, stability	Export expansion activity, shown by continued export growth as increased exports as a percentage of sales, continued entry in new markets, continued absolute export growth, continued introduction of new products into new export markets
FIRM Variables involved	Past firm performance, reputation and visibility	Managerial goals and existing firm resources	Unsolicited foreign orders, existence of available managerial and financial resources	Results from engaging in export behaviour	

Source: Journal of International Business Studies (Reid, 1981, p. 103)

Reid's recommendation for further research: "An emphasis on an information-processing approach to export adoption behaviour seems to be the most fruitful theoretical framework that researchers can adopt." Almost 40 years have passed since Reid's study. The economic environment has changed because of digitisation and increasing globalisation. Are his assumptions still valid?



Research on the internationalisation process of firms' shows that the development of experiential knowledge is a major factor in explaining firms' internationalisation. However, our knowledge of how this takes place is limited (Blomstermo *et al.*, 2003).

Morosini, P., Shane, S., & Singh, H. (1998, p. 137) suggest, "researchers and practitioners should incorporate national cultural distance into cross-border acquisition decision- making and research.

Psychic and cultural distance are two concepts that are widely used in the business literature. A large number of studies use the concepts interchangeably with no clear distinction between them. Sousa and Bradley (2006) propose a new model to assess cultural distance and psychic distance separately. Based on the use of survey data of more than 300 managers, they showed that both concepts are conceptually different and that psychic distance is determined by cultural distance and the individual values of the managers.

The "perfect" functioning of the market is, according to Garcia-Parpet, not due to market mechanisms or to an "invisible" hand restored by the application of non-interventionist principles of laissez-faire. Instead, it is the result of the work of a number of individuals who have an interest in the market, and the acceptance by others, who also see themselves as an advantage in keeping to the game. (Garcia-Parpet, 2017, p. 72)

Export? Why not? - asked Groke & Kreidle (1967, p. 7) more than five decades ago. Already at that time, they found that foreign market information is one of the most important factors in successful exporting. The company officials stressed a very real need for specialised information about export marketing, such as shipping, credit extension, documentation and product adaption data. How and where to get this information was unclear to quite a number of people.

### 3. OBJECTIVES

The main goal of the study is - using the example of the Austrian region of Burgenland - to find out what factors are necessary for entrepreneurs to export.

Secondary goals are:

- learn more about the attitude of entrepreneurs concerning export
- inquire about attitude of entrepreneurs to current export promotion measures
- explore export-promoting motifs
- localise obstacles that prevent entrepreneurs from entering into business relationships with foreign partners
- develop advice on export promotion measures for governmental institutions and trade associations
- comparison of the attitude and view of entrepreneurs to experts who know the situation abroad, in that case the trade delegates of the Austrian Chamber of Commerce

In order to provide further possibilities for comparable research in further studies, the structures of the regional economy are analysed in order to define the conditions under which the present study was carried out. The focus is on exporting as a form of internationalisation process, exporting between the opposing influences of globalisation and regionalisation as well as the economic structure of the region considered. In terms of comparability, the current framework for financial support, service and consulting and possible obstacles to exporting like trade agreements and trade sanctions are quoted. Another focus is on the internal and external organisational factors influencing variables relevant to the export economy.

The examined economic area, the district of Burgenland, is small-structured. More than half of all companies belong to the trade and craft sector. The economic structure is also reflected in the survey. Examples include the manufacturing sector, the food and beverage industry, carpenters, metal technicians and in the field of trade, the foreign and agricultural trade as well as the wine trade.

The EU-Funding programmes were a first step to stimulate the economy in the Objective 1-area Burgenland, but the local government has to take up responsibility after 2020, which will be the end of the funding period.

With the Division Advantage Austria and the Austrian Economic Chamber, businesses have a great network with more than 110 offices all around the globe. From small companies, even one-person-businesses, to great industry companies - every entrepreneur can benefit from the offers, showcases, exhibitions and market exploration trips. The Ministry of Economics and the Economic Chamber of Austria are providing 56 million euros to support Austrian businesses until 2019. The Austrian Minister for Economic Affairs and the President of the Austrian Economic Chamber want to gain 8,000 new exporters within the next four years (APA, 2015).

All industries in Austria were able to increase their exports by joining the EU, especially in the areas of mechanical engineering, vehicle construction, chemicals and business services. Above-average growth was recorded in the food sector, in the wood sector and in textiles. Above all, the strong middle

class in Austria, according to Boockmann, Felbermayr, Kohler and Aichele (2015, p. 76) can benefit considerably from an offensive foreign trade policy of the EU.

In the ENSR Enterprise Survey (2003, p. 14) the forms of relations were raised within the scope of internationalisation. In Europe, the most frequent form of internationalisation of European SMEs is imports, followed by export; less important are business cooperations and subsidiaries, branches or joint ventures abroad.

For many entrepreneurs, exporting is the first step into foreign markets. Studies show that the probability that a firm will start investing in a foreign country increases with its export experience in that country (Conconi et al. 2016, p. 16). Therefore, research on the motives and obstacles that determine the initial decision on foreign trade are important, as these are the basis for the further internationalisation strategy and thus an important impetus for the growth of a company and ultimately for the economy. Internationalisation of Small and Medium sized Enterprises (SMEs) has an increasing importance in a global market (Siaw Surat et al., 2011, p. 3).

The internationalisation objectives pursued by a company are based on the company's overall corporate objectives and show the company's motives for the reception of cross-border activities (Köstner, 2011, p. 21). Kutschker distinguishes between the externally oriented internationalisation - products and services are exported - and internally oriented internationalisation - the import of products and services (Kutschker et al., 2002, p. 238). The present study is oriented exclusively on the external orientation of internationalisation.

According to Berndt *et al.* (2005, p. 97), internationalisation targets can be defined as

- marketing objectives (market share, turnover, opening up new markets),
- cost factors (productivity, access to low-cost resources),
- profitability targets (capital profitability),
- social goals (employee satisfaction and employee motivation, social security),
- as well as power and prestige (social and political influence, ensuring independence).

Éltető (2017, p. 22-23) examined export as a form SME-internationalisation after the crisis in three European regions, Iberian, Baltic and Visegrád countries. In her study, product-related and managerial factors proved to be the most important contributors of export business.

*“Identifying export barriers is important for the companies themselves and also for the economic policy in order to help overcome them. Although elements, like lack of contacts, skills, technology were named as serious internal hindering factors, shortage of capital proved to be the hardest barrier for SMEs. This is understandable after a deep crisis and it seems that there are no differences among countries in this respect.” Éltető (2017, p. 22-23)*

## 4. METHODOLOGY AND RESEARCH METHODS

At the center of this chapter is the research question as well as the generated hypotheses and the operationalisation – the topics, the target groups and the investigation settings. The generated hypotheses are tested in the course of the empirical studies presented. The following section outlines the methodology used. Finally, the suitability of the methodologies is verified.

### 4.1. Quantitative and qualitative research

Quantitative and qualitative methodological approaches were used in conducting a descriptive, exploratory and transversal empirical study, via a questionnaire answered by entrepreneurs, exporters, non-exporters, and trade delegates who advise and support entrepreneurs in export matters, as well as through expert interviews and focus groups in these target groups.

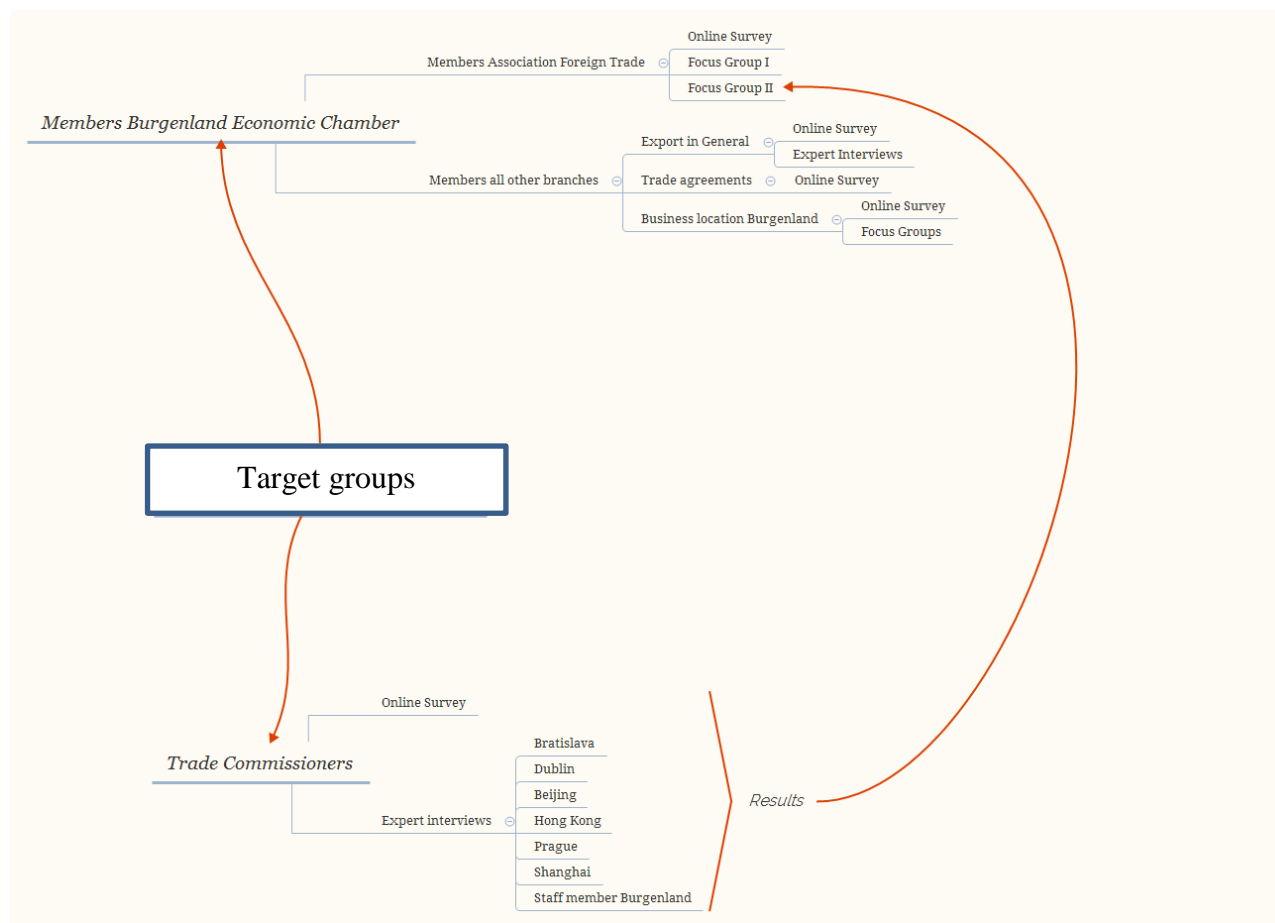


Figure 2: Target groups of quantitative and qualitative research, own description

Within the study, 10 expert interviews with exporters and non-exporters were conducted. Many different industries were surveyed: agricultural trade, the food and beverage industry, foreign trade and craft. One respondent had to file for insolvency and close their company due to the problems arising from export business. The selection of companies was random.

The export activity of two entrepreneurs were monitored during the last three years of this study: the cider producer and trading company Goldkehlchen. One firm is a trading company, called “Goldkehlchen”. The cider is produced in a partner company in Styria. The apples for the cider are handpicked; no sugar is added to the juice. The beverage is produced without the addition of concentrate, not diluted with water without the addition of dyes, without artificial aromas, GM-free and vegan. Customers are the gastronomy and food retailers. During the course of the study, the head office was relocated from Rohrbach in Burgenland to Vienna. The company was chosen because it wants to gain a foothold in the market, in the retail trade and in the gastronomy as well as in the export with a rather less common product for the Austrian market.

The second company, Bumas Muzzles in Pöttelsdorf, was selected because the company relied on export from the start and the requirements of the target markets are very different. The second company, Bumas, produces dog muzzles in-house and sells them via the Internet, at trade shows and through distributors around the world. There are currently shop partners in Hungary, Switzerland, Slovenia, South Korea and the USA. Both companies are still relatively young and have existed for less than 10 years.

Among the topics investigated the attitudes towards exports, the development of the entrepreneur’s own firm, export quotas and strategies, the motivation to export or not, possible support and supporters, expectations and plans were in focus. Exporters were asked for advice for first-time exporters.

In addition, seven expert interviews were done with employees of the Foreign Economic Department of the Austrian Federal Economic Chamber. They are familiar with the economy in the domestic market and they supervise entrepreneurs in export business. The interviewees were active as trade commissioners, attending trade fairs or assisting as consultants.

The interviews were conducted in Austria or abroad during trade fairs, presentations and meetings during the last three years. One focus was on the emerging Chinese market, Beijing, Hong Kong and Shanghai, a promising market in Asia, and there was a separate focus on the European market, Dublin, Bratislava and Prague.

Other remote markets were not taken into account, as they are at the moment of minor importance in terms of export volume for the domestic economy. An interview partner supports the entrepreneurs on site in Burgenland; he is an expert of the entire export economy of this region. He was called on to incorporate the aspects of all the markets that are looked after from Burgenland into the study.

The focus of the questions was on the estimation of market potential in foreign markets for Austrian products, the ideal framework for exporting activities, the tension between globalisation and regionalisation, the obstacles in the way of the export economy and areas which should be expanded to vitalise it. They were also asked for advice for first-time exporters.

The results of the expert interviews were analysed in nine work steps according to Mayring (2002):

1. Definition of the material
2. Analysis of the emerging situation
3. Formal characteristics of the material
4. Determine the direction of the analysis
5. Theoretical differentiation of the question
6. Determination of the analysis techniques: Analysis were established following the recommendations of Mayring (2002)
7. Definition of the analysis unit: the analysis units (see figure 3)
8. Summary: Categorisation of the answers. The objectives should be reduced so that essential content is preserved (Mayring, 2002, p. 115).
9. Interpretation of the results in relation to the question asked: the individual results obtained are interpreted with reference to further research results and the technical literature.

The results of the survey and the expert interviews with the trade delegates were included in the focus group of entrepreneurs from the field of foreign trade and reviewed in the discussion on their validity and reliability.

The questions focused on statistical data, e.g. the branch, export quota, region, the estimations concerning export, the importance of export for their business and recommendations for successful export business.

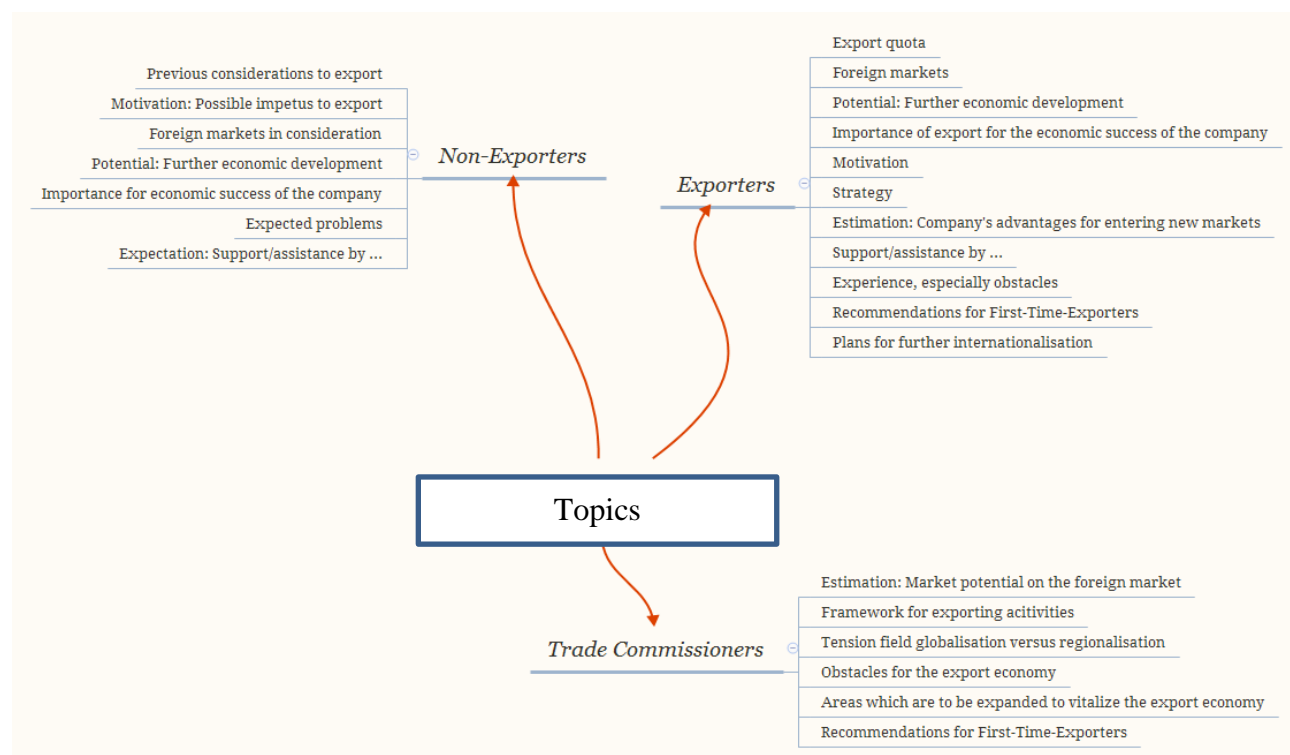


Figure 3: Topics of the questionnaires of the different target groups, own description

## 4.2. Operationalisation

The web survey, expert interviews and the focus group were selected as research methods. Secondary data provides an important complementary basis for the analysis. The databases and communication channels of the Economic Chamber Organisation were used as a base and secondary data source as well as the analyses of Statistik Austria.

Web surveys have emerged as the most popular mode of primary data collection in market and social research. They are seen to be versatile, easy to handle and cheap to set up. The design of the questionnaire, the formulation of questions, validity and reliability are the focus of academic research. Are they also applicable if the respondents are not engaged or interested in the topic?

In the formulation of the questions, attention was paid to the fact that socially desirable answers were revealed by modifying questions. The literature distinguishes between cultural and situational social desirability. Social desired responses are expressed either as an expression of a personality, or as a strategy to influence interviews (Schumann, 2012, p. 56-57). One example of this phenomenon is the question in the expert interview on possible export markets. When the answer - the whole world was given - the question was clarified or discussed in detail later in the interview.

Burgenland has 17,000 companies in business, industry and trade and nearly 5% of them are engaged in exports, compared to the Austrian average of 10%. Will entrepreneurs engage, even if the invitation to the survey is offered in different communication channels?

It is difficult to deduce scientific results from an experiment with a measured value (Rasch et al, 2007, p. 12). To deepen the results it was decided to extend the methods to include expert interviews. Expert interviews are one of the most frequently used methods in empirical social research (Meuser & Nagel, 2009). In this study, the expert interviews are used in a mixed methods approach. The guidelines for the expert interviews (entrepreneurs and trade commissioners) were developed in close co-operation with the other investigation methods, such as the online surveys. Particular consideration was also given to the target groups, for example the guide for the trade delegates (6 questions) differs on some issues from the guide for entrepreneurs, which is divided between questions for exporters (11 questions) and for non-exporters (6 questions).

However, the majority of the questions remained unchanged throughout. The term 'expert interviews' includes a whole series of different, but methodologically equivalent, interview strategies (Sußner, 2005). Meuser & Nagel (1991) designed a six-level concept for the evaluation of expert interviews based on the technique of qualitative content analysis. The procedure in this case is, "to gather content information from texts, to put this information into a suitable format and convert them, separated from the original text, for further processing" (Gläser & Laudel, 2004). As already stated above, Mayring assumes a 9-step process.

In addition, exporters and non-exporters were invited to focus groups. A focus group is a moderated discourse procedure, in which a small group is stimulated by information input to discuss a specific

topic. The goal is to discuss many different facets of a topic, but not to achieve consistency between the participants (Schulz, Mack & Renn, 2012).

### **Overview of the applied tests**

All analyses were done in PSPP. For correlations standard, tests for normality were applied for: equality of means concerning the effect of opinion about infrastructure on perception of risks and opportunities, test for normality for Burgenland in catching-up process, for equality of means, chances and risks, statistics for trade commissioners' attitude to hedging against exchange rate risks and subsidy programmes; Pearson correlations were undertaken for normal data and Spearman correlations for ordinal/nonparametric data. Ordinal data cannot be appropriate for Pearson.

The Spearman's rank-order correlation is a nonparametric test. Spearman's correlation coefficient measures the strength and direction of association between two ranked variables. Spearman does not assume normal distribution.

If a scatterplot shows that the relationship between two variables looks monotonic, a Spearman's correlation is suitable. Spearman's rank-order correlation test measures the strength and direction of the monotonic relationship. If the relationship appears linear (assessed via scatterplot), a Pearson's correlation will measure the strength and direction of any linear relationship. Pearson assumes normal distribution in errors. The errors have to be normal in X and Y for Pearson.

You might also mention that Spearman is not as powerful as Pearson, and that the latter is thought to be robust to minor variation in normality (Rasch, Verdorren, Gowers, 2007).

The Pearson's correlation or bivariate has a value between +1 and -1, where 1 is perfect positive linear correlation, 0 is no linear correlation, and -1 is perfect negative linear correlation.

Another method, the Kolmogorov-Smirnov test can also be used in smaller samples to check whether a given distribution is highly likely to deviate from normal distribution.

A t-test is most commonly applied when the test statistic would follow a normal distribution if the value of a scaling term in the test statistic were known. The t-test can be used, for example, to determine if two sets of data are significantly different from each other.

The Wilcoxon-Mann-Whitney test is a parameter-free statistical test. It tests whether the medians of two independent samples are different. The Mann-Whitney U test is used when the conditions for a t-test for independent samples are not met. The Wilcoxon signed-rank test is a nonparametric statistical test. It tests whether the medians of two dependent samples are different. The Wilcoxon test is used when the prerequisites for a t-test for dependent samples are not met (Rasch *et al.*, 2007). The results of the expert interviews are evaluated according to the deductive category application and are compared with the results of the interviews. The aim was to provide previously determined, theoretically justified evaluation aspects to the material. The qualitative analysis step consists in assigning deductively derived categories to text points in a methodically secure manner (Mayring, 2000).



The inductive process develops the categories within a bottom-up process from the material out. After initially defining the level of abstraction and coding, context and evaluation units are used to summarise the material and categories are derived from the meaning of the text locations. The deductive procedure, on the other hand, begins with the definition of the categories, the determination of anchor examples and coding rules, and applies this pre-formed category system on the material ‘top-down’ (Ramsenthaler, 2013).

#### 4.3. Investigation settings

The study period was from January 2015 to March 2017. The focus of the investigation was on the entrepreneurs in Burgenland. The group of foreign traders, which have been surveyed separately as a subgroup, is particularly concerned with exports. A main part of this study was the investigation of the trade commissioners of the Austrian Economic Chamber in the offices abroad.

As part of the study 10 expert interviews with exporters and non-exporters were conducted. The export activities of two of these entrepreneurs have been occasionally accompanied during the last three years. The experiences from both firms were incorporated into the expert interviews.

Table 3: Overview about the measures of the realised research

Target group	Method	Period	Participants	Remarks
Members of the Burgenland Economic Chamber <sup>1</sup>	Online survey	January – March 2015	42 participants	Link spread by newsletter and homepage Appendix A
	Expert interviews with entrepreneurs	2015 - 2017	10 entrepreneurs: exporters and non-exporters	Appendix D and E
	Online survey trade agreements	May – June 2016	64 participants	Appendix C
	Focus group and online survey “Dialog Economic location Burgenland”	January - March 2017	50 entrepreneurs, mainly elected representatives of the Burgenland Economic Chamber, 276 participants online survey	3 appointments North-Middle-South, questions about development in the region, future, vision
Members of professional association of foreign trade <sup>2</sup>	Online survey	July 2015	13 participants	A total of 70 members Appendix B

<sup>1</sup> Exporters and non-exporters

<sup>2</sup> Exporters

	Focus group	November 2015	10 participants	Committee members Economic climate, export destinations, subsidies
Trade delegates	Expert interviews	August 2015 – November 2016	6 (+1) trade delegates of: Dublin, Bratislava, Prague, Beijing, Hong Kong, Shanghai, staff member Burgenland	What do you advise first exporters? What opportunities do entrepreneurs have in export Appendix F
	Online survey	January 2017	84 participants	Appendix G 110 offices worldwide

Source: own description

Standort-Dialog/”Dialog Economic location Burgenland”: The survey referred to as the “location dialog” was online from January 9th to February 12th 2017. The link was sent to 16,000 Burgenland entrepreneurs via email. The results of this study have also been incorporated in a fragmentary manner, because the export topic was with a different target group and in another context. However, exports were a minor focus of the survey. The focus was on entrepreneurs in the Burgenland economic area. In addition to the online survey, functionaries and entrepreneurs were invited to three focus groups in the North, Middle and South of the district in February and March 2017. These focus groups were intended to explore in greater depth the topics addressed in the online survey. A total of 48 people participated in these three focus groups. The discussion was conducted according to the World Cafe method. The idea of the World Café is to initiate discourses in small circles, just like in street café. The participants change the tables several times. The groups are mixed. At the end, a final round was held in the plenum where participants presented their results.

#### 4.4. Verification of the suitability of the methodology

The present study shows that a drawback of surveys for a special segment of the population is the potential difficulty in finding enough respondents. The fewer people that fit a sample’s description, the harder it will be to gather a large enough response base to make meaningful conclusions possible. This can lead the surveyor to higher research costs to meet their study’s needs. If the target respondents are not engaged in the object of investigation then it is an additional challenge to gather enough data.

The design of the study schedule, the selection of the recipients, the temporal circumstances and the particular approach are all important considerations to improve questionnaire efficiency.

A reminder mail notification has a positive effect on response rate as other studies have noted before (Kaplowitz *et al.*, 2004).

In any case, comments and answers to open questions are important for developing further research, even when the findings of the survey itself are not convincing. Perhaps additional incentives like a chance to win vouchers would elevate the rate of respondents; such a question would be an interesting topic for another study. There is a risk that increased efforts to increase response rate may cause falsified results because of complaisance reply and suspected desirable answers. The obvious danger of using incentives is that of influencing the results achieved (Theobald, 2003, 395-407). This study follow the recommendation, no reminder was sent and no incentives were offered.

Some studies combine the method used in this study with other data collection techniques. Too small sample sizes are a prime reason to ensure results by other methods. A focus group could be an additional method to get more information about the target group, but this tool has its own drawbacks. It is not appropriate to give percentages in reports of focus group data, and it is important to try to distinguish between individual opinions expressed in the group and the actual group consensus (Kitzinger, 1998).

Researchers should view web survey products and services as another research tool that – like the online survey itself – has unique advantages and disadvantages (Wright, 2005). To sum up, studies focusing on people who are not really engaged in the topic are in danger of delivering no representative results. In such cases, it will be necessary to step up efforts like personal appeal or additional backups like focus groups, whilst recognizing that these tools have their own advantages and disadvantages too.

In the present study, in the case of online surveys, no reminders were sent nor were incentives offered to increase the response rate. It was decided instead to widen the research methods using the expert interviews and focus group. Additionally, the group of respondents was expanded. Trade commissioners were interviewed – online and expert interviews - from the offices of the Austrian foreign trade of the Austrian Economic Chamber, the so-called Advantage Austria offices. Their core business is the export industry and so they were very keen to share their knowledge and assessments.

But exporters and non-exporters were also very accessible in the context of the expert interviews, no matter how successful they were with their previous business. The expert interviews and the focus group with the members of Foreign Trade were therefore used to secure the results of the online surveys.

## 5. RESEARCH RESULTS

Although the internationalisation process of businesses has been well researched during the last five decades, the behaviour of firms prior to internationalisation has not received research attention to the same extent.

*“During the pre-internationalisation phase, a firm is exposed to stimuli factors that may trigger an impulse for foreign market expansion. Decision makers’ perceptions of stimuli, their attitudinal commitment towards internationalisation, the firms’ resources and capabilities, as well as the mediating effect of lateral rigidity comprise a learning process that leads a firm towards readiness to initiate an internationalisation decision.*

(Tan *et al.*, 2007).

Not all companies are destined for foreign trade. There are sectors whose business field is not suitable for export, they produce for the domestic market, others identify restrictions, e.g. limited production factors, small company size, personnel shortage) or do not want to go abroad with their products because they are afraid of possible risks or are pessimistic about their chances due to a lack of information.

### 5.1. Phase model of export: Capability and determinants of the target group

According to Loisch and in accordance with Bamberger and Evers, five phases of export are identified (Table 4).

Table 4: Phase model analysis of export potential for the commercial economy of Burgenland

Phase	Title	Type	Characteristics	Quota
1a.	No involvement – no potential	<ul style="list-style-type: none"> <li>- Non-exporters</li> <li>- Offer is focused on the local market</li> </ul>	<ul style="list-style-type: none"> <li>- No export-relevant industry, like chimney sweepers or morticians</li> </ul>	65%
1b.	No involvement – potential	<ul style="list-style-type: none"> <li>- Non-exporters</li> <li>- Not interested in exporting</li> </ul>	<ul style="list-style-type: none"> <li>- Negative attitudes and the existence of indifference to exports by company’s management</li> <li>- Priority focus on daily business</li> </ul>	15%
2.	Pre involvement	<ul style="list-style-type: none"> <li>- Non-exporters</li> <li>- Interested in exporting</li> </ul>	<ul style="list-style-type: none"> <li>- Not averse to exports</li> <li>- No active search for information</li> </ul>	4%

3.	Reactive involvement	<ul style="list-style-type: none"> <li>- Reactive exporters</li> <li>- Experimental exporters</li> </ul>	<ul style="list-style-type: none"> <li>- Limited export activity</li> <li>- Neighbouring markets or markets close to the domestic market are preferred</li> </ul>	4%
4.	Active involvement	<ul style="list-style-type: none"> <li>- Active exporters</li> </ul>	<ul style="list-style-type: none"> <li>- Presence of strategies and concepts is very likely</li> <li>- Open to new markets and business opportunities</li> <li>- Subsequently, increased need for information</li> <li>- Increased willingness on the part of management to provide resources for export.</li> </ul>	4%
5.	Committed involvement	<ul style="list-style-type: none"> <li>- Highly active exporters</li> <li>- Dedicated exporters</li> </ul>	<ul style="list-style-type: none"> <li>- The share of sales generated in the target markets will be significant for the overall turnover</li> <li>- The knowledge and competence of management is one of the main reasons for the long-term success of the company</li> <li>- The demands and requirements facing the company have grown in this phase and differ from those of earlier periods</li> <li>- Internationalisation is being advanced in a different form</li> </ul>	8%

Source: based on Loisch (2007, p. 28) and Bamberger and Evers (1994, p. 258 ff.)

How can the potential of non-exporting companies be activated?

Compared with the 2010 reporting year, the Austrian district Burgenland had the highest rates of increase in exports and also in imports. Despite the export rate of Burgenland decreased in the year 2016, the export rate increased from 2010 to 2016 in Burgenland by 30.2 %, the imports by 45.6% (Statistik 2017b).

The declines in 2016 (Figure 4) are a national trend. The forecasts for 2017 are optimistic.

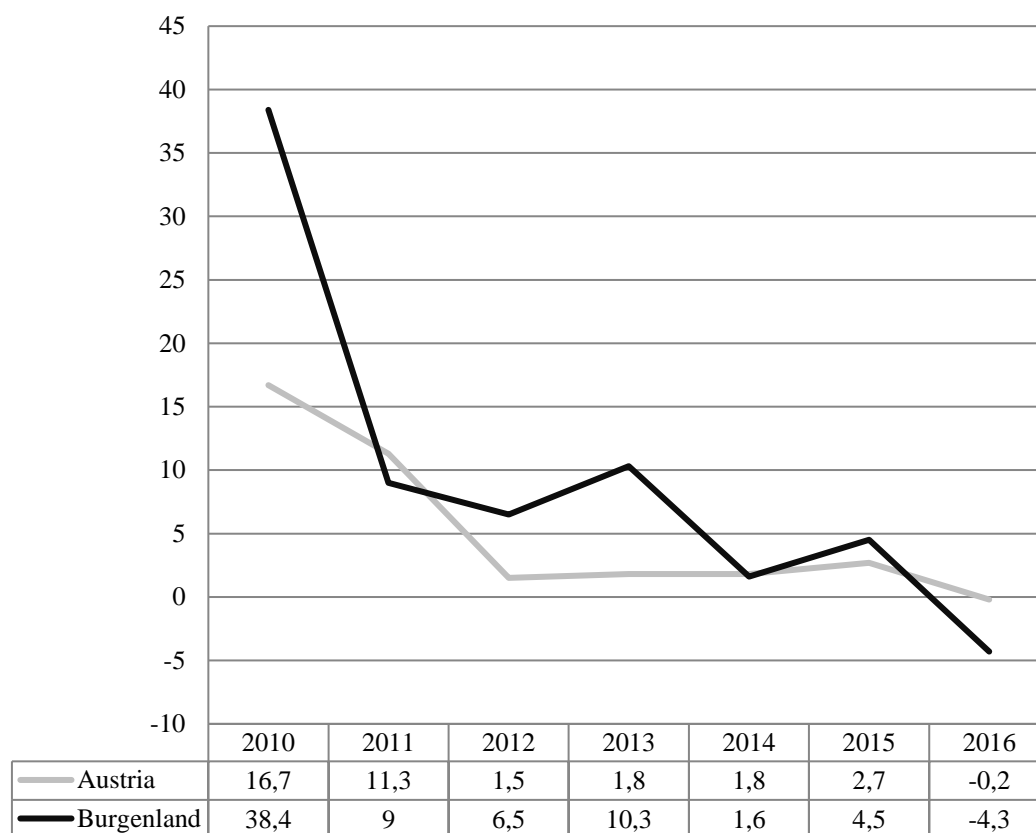


Figure 4: Growth rates Exports Austria and Burgenland compared to the previous year 2010-2016  
Source: Statistik Austria 2017b.

Measures to stimulate foreign trade include, in addition to the focus on an increase in sales, expanding sales markets, expanding the base of exporters and gaining new entrepreneurs for foreign trade. Possible ways to achieve this goal - stimulating the foreign economy by attracting new exporters - should be presented as a result of this study.

### Export between the poles globalisation and regionalisation

The advancing globalisation of enterprises and markets has now become a self-evident fact, whose relevance is no longer questioned whether for management practice and for research (Bäuerle, 1996, p. 1). Globalisation is not just an issue of recent decades; data are available on a yearly basis for 207 countries from 1970 to the present. The KOF Globalisation Index of the Swiss economic research

institute at University of Zurich measures the three main dimensions of globalisation: Economic (36%), social (37%) and political (27%) (Dreher, 2006).

According to the KOF Institute of the University of Zurich (2017), the area of economic data is weighted as follows:

- Actual Flows (50%), in detail: Trade (% of GDP) (21%), Foreign Direct Investment, stocks (% of GDP) (28%), Portfolio Investment (% of GDP) (24%) and Income Payments to Foreign Nationals (% of GDP) (27%)
- Restrictions (50%), in detail: Hidden Import Barriers (22%), Mean Tariff Rate (28%), Taxes on International Trade (% of current revenue) (26%) and Capital Account Restrictions (24%).

Austria is one of the most globalised countries in the world. It is ranked fourth in the overall KOF index (Statista, 2017). The KOF Index of Globalisation measures three main dimensions of globalization: economic globalisation, social globalisation and political globalisation. These dimensions are subdivided into further subdimensions. The higher the index value, the more globalized a country is. In addition to economic aspects, the calculation also includes social integration, technological networking and the international political commitment of a country. Austria was ranked ninth in the overall index. The figures are clear, but how does the entrepreneurs' understanding of the international economy and globalisation influence their actions?

Many economies are proud of the high self-sufficiency of their production. Citizens are often proud of their nationality and the performance of their national economy.

But: How to define a region? Internationally defined, regionalism is the expression of a common sense of identity of nations combined with the implementation of institutions. Those institutions express a particular identity and shape collective actions within a geographical region. A key feature of the new regionalism, according to Breslin, is the significance of multiple coexisting forms of regions. Regionalism is both a quantitatively and qualitatively important factor in global politics (Breslin, S., Higgot, R., & Rosamond, B., 2002, p. 18).

Regionalisation indicates smaller segments - the so-called regions. One of the more obvious examples of regionalisation is the division of a nation into states or provinces, like dividing Austria into 9 districts (Vienna, Tyrol, Styria, Burgenland etc.).

“Globalisation” and “regionalisation” are terms used by many, but defined by few (Oman, 1996). Oman (p. 5) defines three distinct periods or “waves” of globalisation in the last 100 years. The first wave took place about 50 years before World War I, the second one during the 1950s and 1960s and the current one started around the 1980s. Oman thinks that globalisation differentiates the present from earlier periods. Nowadays globalisation is a specialised and difficult process, especially on the microeconomic level.

In his opinion, regionalisation can be a phenomenon driven by political forces, or it can be an outcome of the same microeconomic forces, which rule globalisation. Regionalisation does not always happen in the form of an arrangement by governments. It is not always a political phenomenon. It can also be “natural.” Another important factor is the attitude of entrepreneurs. Are the optimistic about the regional and international development of economy? How do you see the circumstances?

According to the “Wirtschaftsbarometer 2017”, entrepreneurs in Burgenland and in Austria are in general optimistic about their business opportunities in export. More than a third of exporters expressed a positive outlook on their order situation; at 12%, the percentage of optimists was significantly lower for non-exporting companies. Compared to non-exporting companies, the exporting companies also show more positive expectations of investment and their order situation.

On the other hand, Karakaya and Yannopoulos (2017) isolate in their study with Canadian firms four constructs of export barriers and export functions as they affect export performance: a lack of firm barriers, fear of not receiving payment, procedural barriers and lack of government support.

The trend towards globalisation and regionalisation depends on the local structure of the economy and the demand of the home market. In different sectors and in different areas of the world globalisation and regionalisation will come and go in waves, depending on the political, economic and environmental situation (Granabetter, 2016).

The fact that there is a tension between regionalisation and globalisation in many countries over the world is shown by a survey in January 2017 among the 110 foreign offices of the Austrian Economic Federal Chamber. Among respondents, 61.4% of 83 affirmed that there is a tension between globalisation and regionalisation.

### **Comparison of regional export quotas**

Foreign trade has continued to grow steadily in Austria, with the exception of the crisis year 2009, most recently by 2.7 % from 2014 to 2015. The volume in 2015 was 131 billion euros. The index rose from a baseline of 100 in the year 1980 to reach 800 in the year 2015. Developments in the federal states range widely as Figure 2 shows. Comparing the export volume of a state with the GDP of the same region, Burgenland (26.3% in 2015) and Vienna (22.4% in 2015) have the lowest export rates. The highest export volume by GDP is shown by Upper Austria with a rate of 57.8%, followed by Vorarlberg with 57.2%.

The data sources Statistik Austria and Bank Austria (2016) also indicate that Upper Austria accounts for about a quarter of Austrian exports (25.4%), followed by Lower Austria (15.8), Styria (14.8), Vienna (14.6), Tyrol (8.7), Vorarlberg (7.0), Salzburg (6.7), Carinthia (5.4) and Burgenland (1.6).





Figure 5: Export rates measured by GDP of the district 2010 to 2015

Sources: Statistik Austria, Bank Austria Economics &amp; Market Analysis Austria

The different export orientation of the Austrian districts has its origins in the branch structure of the companies, in the geographic location and in the historical development as well as in the connection to the international infrastructure, such as an overarching road or rail network or the connection to an airport. The west-east divide in economic growth, which was often reported in the last years, appears to vanish gradually (Piribauer, P., Firgo, M., Huber, P., Klien, M., & Mayerhofer, P. (2017).

Upper Austria has a strong industrial sector, as Vorarlberg. Vienna benefits from the status of the federal capital. For a long time, Burgenland was a structurally weak region.

Table 5 shows the present situation of the region considered here based on selected indicators:

Table 5: Selected economic indicators for Burgenland compared to Austria (2015).

Indicators	Burgenland 2015	Austria 2015
GDP (in billion euros)	7.9	344.5
GDP per capita in % of Austria	69.1	100
GDP Real change over previous year in %	0.9	1.1
Merchandise exports in millions of euros	2,056	131,554
Merchandise exports (share of Austrian exports)	1.6%	100%
Export rate (exports in % of GDP)	26.3	39.1

Source: Statistik Austria (2017) – Ergebnisse im Überblick, Das System der Volkswirtschaftlichen Gesamtrechnung ; Wirtschaftskammer Österreich (2017) Österreichs Außenhandel nach Bundesländern, Bank Austria Economic & Market Analysis Austria

Austria's 2015 export rate was 39.1% of GDP. Burgenland's economy recorded only 26.3%. Even though the export rate has risen over recent years, the Burgenland export rate is still below the Austrian average.

Compared to the rest of Europe, Austria has a prognosticated export rate (exports as a percentage of GDP) of 37.1% above the Euro zone average (33.7%). Slovakia has an export rate of 85.4%, followed by Ireland with 74.4% and Hungary with an export rate of 74.0%. At the other end of the scale, Great Britain's export rate stands at 15.8% and Cyprus's at 14.0%.

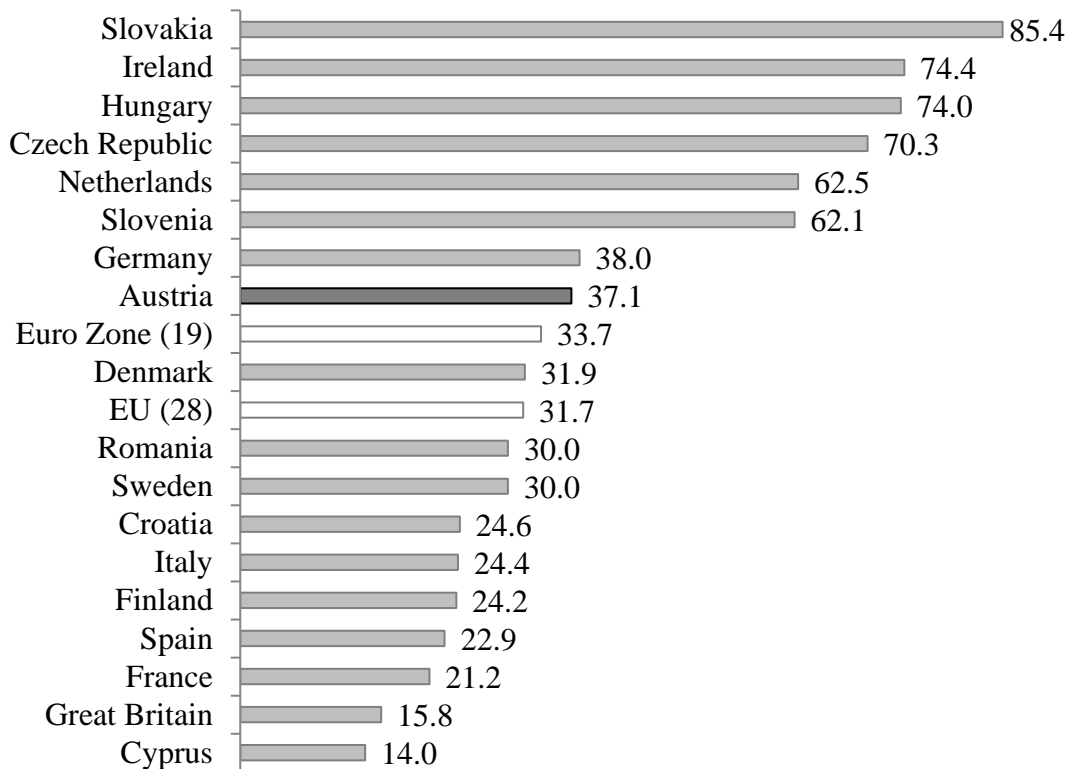


Figure 6: Export quotas 2016 of selected EU countries, Quota as a percentage of GDP

Source: EU-Commission 2017.

The economic research institute (Scheiblecker, 2017, p. 2) calculates an increase of 6.1% in Austrian commodity exports in 2017 and 5.3% in 2018.

## 5.2. The economy of the Austrian region of Burgenland by sector

As of 2016, nearly half of the enterprises in Burgenland are members of the Crafts and Trades Division (48%). Every fourth business belongs to the Commerce Division (24%). The next biggest sectors are the tourism and leisure industries and the information and consulting division (11% each). Only 4 % of the members of the Burgenland Economic Chamber belong to the transport and logistic division, less than one % to the industry division and to the bank and insurance division (Wirtschaftskammer Österreich, 2017, Mitgliederstatistik 12). The numbers have changed only slightly over recent years.

### 5.2.1. Structure of industries and enterprises

In accordance with the definition of the operational structure proposed by the European Commission's recommendation (96/280 / EC of 3 April 1996, OJ No L 107/4), and adopted by all the Member States of the European Union, the structure of Burgenland's economy is as follows (Mitgliederstatistik, 2016):

Table 6: Company size of Burgenland enterprises by number of employees 2014

Description	Operational size/Number	%
One-person companies and Small Businesses up to 9 employees	14,013	91.6
Small businesses from 10 to 49 employees	1,089	7.1
Medium-sized enterprises from 50 to 249 employees	190	1.2
Large companies with more than 250 employees	19	0.1
Total	15,311	100

Source: Burgenland Chamber of Commerce (2016)

The relationship between a company's size structure and its export behaviour was examined in a study conducted by Statistik Austria. Study author Lang concluded that large-scale and industrial companies are represented more highly in the export sector than smaller companies from other sectors. Overall, Lang's study of export behaviour from 2008 to 2012 shows a heterogeneous distribution over the business size class (Lang, 2015).

According to Statistik Austria, 16.2% of exports in Austria were by micro companies with 0 to 9 employees, 8.8% by small enterprises with 10 to 49 employees, 23.8 % by companies with 50 to 249 employees and 51.1% by large enterprises with more than 250 employees (Statistik Austria, 2015).

Statistik Austria (2017, Außenhandel nach Art des Händlers und Wirtschaftszweig) also makes a substantial difference whether the company is a one-way (only export, no import) or two-way-trader. In 2014, the average export volume per exporting company (no import) is 316,000 euros, while the two-way traders are 3.4 million euros.

### 5.2.2. Export behaviour

Beginning with the opening up of the East in 1989, the internationalisation of the Austrian economy expanded greatly beyond a few large corporations and traditional trading companies. The number of exporters has risen from around 12,000 to around 58,000. The target for 2019 is 62,500 exporters.

In 2016, 27,000 customers used the services of the foreign trade department of the Austrian Economic Chamber, of whom almost three-thirds were micro and small enterprises. The branch offices of those Austrian companies, which are members of the "Austrian Business Circle", were surveyed online by the Foreign Economic Councils of the Austrian Economic Union in October 2016. As far as the wishes

of the company's representatives are concerned, there is consensus: a predictable economic policy combined with political stability and legal certainty as well as a general reduction of bureaucracy is at the top of the list of priorities among most Austrian company representatives abroad. In the case of market parameters, the statement that employees are the highest good and capital of a company is true - the demand for qualified workers is at the top of the agenda, but foreign subsidiaries are also struggling with infrastructure issues and local payment morale. The importance of foreign economic centres is recognised by the branch offices, particularly for their roles as network and contact mediators, as well as supporters of pre-litigation and interventions with the foreign authorities (Außenwirtschaft 2017, p. 22-23; ABC-Indikatorumfrage, 2017).

Table 7: Exports of Austrian companies in 2014 by company size

Company size	Total companies	Exporters	in % rounded	Exports in billion Euros	in % rounded
Up to 9 employees	221,808	27,912	13	21,2	17
Small business 10 to 49 employees	31,741	9,725	31	11,2	9
Medium-sized enterprises 50 to 249 employees	5,168	2,918	56	29,1	23
Large company more than 250 employees	1,077	937	87	63,6	51
Total	259,794	41,492	16	125,1	100

Source: Statistic Austria (2017a), Wirtschaftskammer Österreich-Gewerbliche Wirtschaft (2015)

There are no separate data for Burgenland. The number of companies whose registered office is located in Burgenland varies slightly by 3.6 % of companies in Austria (Burgenland Chamber of Commerce 2016a / Austrian Federal Economic Chamber 2016).

If one assumes the overall Austrian situation can be extended to the Burgenland, 2,450 enterprises (16%) are possible exporters as well as 1,822 entrepreneurs in the category up to 9 employees (13%), 338 in the category 10 to 49 employees (31%), 106 enterprises in the category 50 to 249 employees (56%) and 17 enterprises in the category with more than 250 employees (87%).

In the year 2016, the United Parcel Service (UPS) conducted a survey on export behaviour.

12,815 SMEs – with managing directors, commercial managers and sales managers as well as owners – were interviewed in the following countries: Belgium (1,111), France (1,250), Germany (1,249), Italy (1,667), the Netherlands (1,999), Poland (1,790), Spain (1,247) and the United Kingdom (2,502). The share of those who export has increased overall in the last decade, in some cases even rapidly. These SMEs also make positive export forecasts - they believe, usually for all markets that their exports will remain stable or grow. The larger an SME, the more likely it is to export. In every market the the proportion of exporting companies increases with company size. On average, 36% of medium - sized SMEs export compared to 27% of small SMEs and 20% of micro-enterprises. The results of the investigations in 2016 showed no significant differences in average export tendency for different sectors, although there are some differences at a country level. Industrial companies are most likely to be exporters in Belgium, Germany, the Netherlands and Poland (UPS, 2016).

### **5.2.3. Top exporting countries and most requested export goods**

In order to judge the assessments and expectations of the entrepreneurs, it is also important to take a look at the current situation of the export industry, the status quo, the current partner countries and the main export goods of Burgenland's economy. The ranking of the top 10 exported product groups of 2015 comprise - in a proportionally descending order - electrical machinery, plastics and synthetic or artificial spun fibres, boilers, machinery, mechanical appliances and residues, waste of foodstuffs, feedstuffs, fuels, cereals, drinks, alcoholic liquids and vinegar and clothing (other than knitted or crocheted). The categories remain relatively resistant over the years. The top 10 exporting countries are Germany, Hungary, Italy, Switzerland, China, the United Kingdom, Slovakia, Sweden, Poland and France (all categories according to the value of the export volume in euro, Statistik Austria 2016).

What is the significance of these exports? How does the export ratio in Burgenland compare to that of Austria overall? Export performance research has proliferated in recent decades. The field of inquiry is characterized by a diversity of conceptual, methodological, and empirical approaches that inhibit the development of clear conclusions regarding the determinants of export performance (Shaomnig, 1998). Comparative advantage analysis is a useful tool in economics that can be used to compare the relative costs of production and identify sectors and markets that have the greatest likelihood of success (Granabetter, 2016). Looking at the value of exports, trends concerning export destinations and product groups are shown in Table 8 and 9.

Table 8: Export destinations of Burgenland's economy with comparative advantage  
RCA 2010-2016

Country	2010	2011	2012	2013	2014	2015	2016
Hungary	2.65	3.39	3.55	4.02	4.48	4.25	3.62
Sweden	0.97	0.92	1.28	1.40	2.12	2.37	2.47
Slovakia	1.09	1.16	1.24	1.57	1.60	1.50	1.73
China	1.22	1.58	1.46	1.22	1.31	1.45	1.78
Russia	0.66	0.54	0.72	1.02	0.85	1.43	1.49
Romania	2.28	1.29	0.97	1.02	1.31	1.41	1.77
Slovenia	0.76	0.96	0.94	0.96	0.95	1.17	1.13
Turkey	1.85	1.74	1.48	1.30	1.33	1.45	1.51
United Kingdom	1.28	1.22	1.23	1.15	1.11	1.07	0.72
Spain	0.83	1.32	1.31	1.40	1.34	1.02	0.82

Source: Statistik Austria/WKO 2017, own calculation

A comparative advantage is “revealed” if  $RCA > 1$ . If RCA is less than unity, the country is said to have a comparative disadvantage in the commodity or industry. The calculation shows that Burgenland's economy is particularly well represented in the countries of Hungary and Sweden. Looking at the commodity group, the following picture is shown. The export share of Burgenland's goods compared to Austrian exports as a whole is largest for the product groups of grain, oilseeds and oil fruits as well as books, newspapers and products of animal origin. The economy of the Austrian district Burgenland has a good starting point in the product groups shown in table below. However, do the entrepreneurs in these sectors still see opportunities? Moreover, what do they need in order to expand this market share further or, for newcomers, to enter these markets at all?

Table 9: Export product groups of Burgenland with comparative advantage, RCA 2010-2016

Product group	2010	2011	2012	2013	2014	2015	2016
Grain	8.02	6.22	6.99	13.78	12.66	5.54	14.31
Oil seeds and fruits, seeds, plants, straw	6.41	4.39	9.16	15.51	11.98	4.51	13.29
Books, newspapers	12.22	4.26	4.36	11.23	9.57	4.29	9.92
Products of animal origin	2.19	5.16	3.76	0.17	0.13	4.23	0.09
Clothing and accessories, other than knitted or crocheted	3.92	6.21	6.04	4.65	3.97	3.93	2.81
Leather, saddlery, travel	1.22	2.95	3.10	2.52	2.08	3.91	1.73
Cork and cork goods	0.13	7.39	6.53	0.27	0.19	3.60	0.34
Clothing and accessories, knitted or crocheted	2.06	5.28	4.55	2.55	2.50	3.21	1.81
Semi-finished products of wood/cellulose fibres	0.17	4.73	5.36	0.18	0.24	3.13	0.30
Silk	5.25	8.45	12.18	12.05	10.87	3.07	0.63

Source: Statistik Austria/WKO 2017, own calculation

In order to observe the developments of the national export economy and making comparisons between the export economies, it is necessary to analyse the destinations and product groups in order to see where impulses can be applied and how the industries develop. Especially with regional development programmes.

Felbermayr (2017, 24) concludes in his studies, that “this beautiful new world of quantitative trade theory seems to have little in common with the simple examples of Ricardo from 1817. Inside the complex models, however, the same mechanism still works: that of comparative advantages.”

### **5.3. Basic conditions for export business – opportunities, support and obstacles**

There are different reasons for firms to export. Unfavorable home country conditions could motivate firms to seek outside markets. Findings also show average firm size does not explain export performance. Younger firm age is found to improve exports but to a threshold, after which export performance suffers as average firm age rises (Krasniqi, 2017, p. 57).

#### **Obstacles**

In general, cross-border business is characterised by greater (economic) uncertainty than the domestic business. The main focus for the exporter is on the question of how he gets his money despite all risks. Increasingly, other risks, such as the protection of intellectual property (eg brand, patent, copyright), also play an important role. The typical risks of foreign trade include:

- general country risks, eg wars, money depreciation,
- a foreign and unknown legal system, for example, high claims for damages due to faulty products under US law,
- creditworthiness and information risk, production risk (The buyer does not take delivery of the goods ),
- mentality and unknown commercial practices,
- transport risk,
- the foreign language,
- the enforceability of the claims as well as
- the protection against infringement of intellectual property abroad (Huber, Huetz , 2014, p. 26).

#### **Opportunities and approaches for support**

Trade liberalisation is a significant factor behind the strong export growth. Export-market participation is associated with increases in a plant's productivity growth. According to Baldwin and Gu (2004, p. 372), the presence of three main mechanisms through which export-market participation raises productivity growth among plants are: “learning by exporting; exposure to international competition and increases in product specialisation that allowed for exploitation of scale economies”. Their study shows “that plants that move into export markets increase investments in R&D and training to develop capacities for absorbing foreign technologies and international best practices.

Stöllinger (2015, p. 1) examines in his work whether the Austrian economy has better export opportunities by intensifying the existing export relations (intensive edge) or whether the export

growth comes about by the establishment of new export relations (extensive edge). The dominance of the intensive edge is manifested in his study, which means an in-depth specialisation in this area, while a widening of the extensive edge points to an export diversification. It is important for economic policy whether any export promotion should be oriented to the intensification or the extensive margins of export. In his work (p. 9), he confirms that Austria already has a well-developed export promotion system, but one aspect remains dismissed, namely the failed export relations. While there are subsidies for existing exporters and exporters, there are no explicit efforts to prevent the loss of existing export relations.

### **5.3.1. Financial support, service and consulting using the example of Austria**

Although the promotion programmes pursue the overall objective of increasing exports, a range of different measures and support are offered to achieve that goal.

In an international comparison, countries with a more developed financial market have not only better financial instruments, more exporters and more target countries, but also a higher export volume (Url, 2015, p. 57).

#### **5.3.1.1. Financial incentives**

An important area of support is the offer of financial assistance. These grants are an incentive for companies and support the financing of the measures that are initiated by the companies. In particular, they are direct subsidies to enterprises or for co-operative projects between firms.

In September 2017, after three years, a regional subsidy for the export industry in Burgenland was established. It remains to be seen whether this regional support is accepted by the companies and shows successes, which are also attributable to the funding measure (WIBUG, 2017).

### **Go international programme**

Since 2003, Austria has granted support for companies looking to expand internationally via the go-international programme of the Austrian Federal Ministry of Science, Research and Economy and the Austrian Federal Economic Chamber. The programme is supplemented by direct financial support instruments and is managed through the Austrian Federal Economic Chamber's international department and Austria's official trade promotion organisation, Advantage Austria.

In adherence with the guidelines, the Austrian national programme provides "branding for all Austrian businesses as reliable and trustworthy partners abroad and supplies individual companies the tools and opportunities to market their offers internationally. Intelligence for seizing international market chances and individual consultancy should enable companies to evaluate and to enter new markets." Depending on the project and individual requirements, co-financing of up to 12,000 Euros is available.

The following direct subsidies are offered: Consultation check for SMEs, Consultation check for international, financed, public projects, European check for SMEs, Export check for technology companies, Export check for service providers, Export check for remote markets, Export check for



creative companies, Export check for joint activities, Export check for incoming missions, Traineeship promotion and employee exchange and Training programmes abroad.

Within the framework of the programme, subsidized measures for first exporters are offered for individual companies and for co-operative projects between firms. Other areas of focus are sector- and topic-specific offers, e.g. creative industries and technology. “Every promotion Euro will bring 55 euros additional export in the medium term. With the help of the go international programme, we want to accompany 100,000 Austrian companies in the international business to the year 2025”, according to Dr. Christoph Leitl, the president of the Austrian Federal Economic Chamber (Wirtschaftskammer Österreich, 2016, Außenwirtschaft).

### **Other national funding programmes**

The Republic of Austria also offers other funding programmes, such as those administered by the Austrian Economic Development Corporation (AWS), the Austrian Research Promotion Agency and the FWF Economic Fund. Some of the federal states also offer export subsidies. The funding programmes differ not only by region, but also by industry and sales markets.

The Network Projekt International (NPI) connects Austria’s companies with international financing institutions (IFI) and project partners at home and abroad. NPI helps identify projects and participates in tenders.

Peter (2011) summarizes his analysis of the Community sales and export promotion for agricultural products and foodstuffs in Austria and the USA, by concluding that state intervention is particularly due to a preference for private-sector offers, a positive economic benefit-cost ratio, avoidance of international promotional contest and no impairment of corporate efficiency.

According to Lederman *et al.* (2010), export promotion agencies and their support measures have on average a strong and statistically significant impact on exports. However, do entrepreneurs also recognize the value of these programmes? How do employees of advantage Austria assess the range of Austrian funding programmes and their effects?

#### **5.3.1.2. Consulting services**

Lederman, Olarraega and Zavala (2017, p. 152) verify that the impact of export promotion services on export growth and the channels through which the services affect growth are also likely to vary across destination markets and products.

Alvarez, Faruq and Lopez (2013, p. 427) show that a firm’s previous export experience increases the probability that the firm will export a previously exported product to a different market or a different product to a market where this firm already exported a product. Their studies show that an increase in the number of firms with previous export experience in a product, or in a foreign market, raises the probability that firms export new products and/or to new markets. According to these study results, export consultations and export successes exert a pull effect for firms and the economy in general.

### **Export promotion agencies**

The objective of export promotion agencies (EPAs) is to help (potential) exporters find markets for their products, as well as provide them with a better understanding of products demanded in different export markets. The number of EPAs has tripled over the last two decades (Lederman, Olarreaga and Payton 2010, p. 257). The efficiency of the programmes has been explored in many studies.

In general, the functions of export promotion agencies are divided into four categories:

1. Country image building (advertising, promotional events, but also legal advice);
2. Export support service (exporter training, technical assistance, extension capacity, including regulatory compliance, information on trade finance, logistics, customs, packaging, pricing)
3. Marketing (participation in trade fairs, exporter and importer missions) and
4. Market research and information (publications, market surveys, contact database)

(following Lederman *et al.*, 2010).

In general, private firms will not provide foreign market information in the depth that promotion agencies are able to.

Foreign representatives of the export country, such as embassies, play an important role concerning the representation of enterprises, the initiation of economic relations and the provision of information. For example, Rose (2007) calculated, that “for each additional consulate abroad, exports increase by 6 to 10 %”. He analysed a sample of twenty-two exporting countries and around 200 trading partners. For Austrian companies the approximately 110 Advantage Austria centres of the Austrian Federal Economic Chamber assume this function in 70 countries.

Olarreaga *et al.* (2016) examined the effects of Trade Promotion Organisations (TPO). “Results suggest that on average a one % increase in export promotion budgets increases exports by 0.074 %, confirming results in the earlier literature.” Furthermore, a one % increase in export budgets generates a 0.065 increase in GDP per capita (Olarreaga, 2016, p. 1).

He suggests that export promotion activities increases exports significantly: a one % increase in export budgets generates a 0.065 % increase in exports. Seringhaus and Botschen (1991) surveyed the opinion of nearly 600 firms in Canada and Austria, and found that the programmes were not addressing the need of exporters, and subsequently export promotion service use was low. In the meantime, a lot has changed. In addition, respondents’ opinions may differ greatly from the use of these programmes.

### **Regional Investment in Strategic preparation, using the example of Upper Austria: Export Check and Export Coaching**

The Export Centre of the Austrian district Upper Austria helps to promote companies, which are accompanied by an export consultant abroad (Wirtschaftskammer Oberösterreich, 2017).

The objective of this funding measure is to increase the international orientation of Austrian small businesses and small and medium-sized enterprises (SMEs). Together with the local interested entrepreneurs, a detailed assessment of the potential for or obstacles in the way of exports is carried out and measures and strategies are defined to start or expand export business.

This support is intended to support the aspirations of SMEs aiming at the instigation or reorientation of business relations on an international scale (e.g. cooperation with foreign companies or opening up

new markets). The individually-tailored export consulting helps companies in the planning and implementation phase and brings them into target markets in a goal-oriented and sustainable way. If the beneficiary wishes, contact with external specialists (tax consultants, forwarders, lawyers, customs authorities, banks and insurance companies, etc.) is established in the field of settlement and open questions are discussed together.

### **Practical advice of public authorities, using the example of the wine industry**

The Austrian Federal Economic Chamber and the organisation Austrian Wine have drawn up a guide for exporters.

The export business is becoming an increasingly important part of every company, they warn their members. They state that export needs a long-term view; the steps must be thought out and well planned. Failure to initiate foreign transactions is often the case if the entrepreneur wishes to gain a foothold in a previously unknown market too quickly and unsystematically. The institutions warn that this approach is often the cause of costly and avoidable errors.

They suggest that the starting point of the planning should be situation analysis. Step 2 is to find the right, economically profitable, target market. The logical consequence is the definition of goals, strategies (step 3) and measures (step 4). Only when a company knows what to do will it be able to make the right decisions and create the right strategies.



Figure 7: Flow chart of export strategy stages, based on the suggestions of the Austrian Federal Economic Chamber and Austrian Wine. Source: Österreich Wein

The starting point of planning is the situation analysis of the internal and external actual state. So before a company approaches a business partner, they should know whether they are ready for (sustainable) export. Exporters must also consider that there are a lot of circumstances that will influence their business and enterprise. The following are cited –

Situation analysis:

- Internal circumstances, such as product quality, financial resources, personnel
- External circumstances, e.g. potential buyers, risks on the foreign market, reasonable prices

Market selection:

- Political framework
- Economic conditions
- Geographical conditions
- Sales-related conditions
- Characteristics of the foreign market
- Need for the export of the product
- Characteristics of the foreign market

- Sales opportunities
- Requirements for the export product

The Federal Austrian Economic Chamber and the organisation Austrian wine suggest, before companies start to export, they should set precise goals, which they then also try to achieve. These objectives could be defined as follows:

Objectives:

- Target market and target groups
- Partners (end consumer, retail)
- Amount
- Price

In order to achieve the objectives defined above, it is essential to define the appropriate strategy.

Strategy:

- Concentration versus diversification
- Market entry barriers
- Possibilities

If the strategy for the eventual entry into the market has been defined, it is important to put in place concrete measures so that the strategy can also be implemented. Some points which should be thought of:

Activities:

- Information (monitoring target groups, price structure, public relations)
- The offer (labels, assortment)
- Transport, processing
- Sales, distribution
- Communication, advertising

This list can also be applied to other product groups and branches. The processes and factors apply to all markets. However, depending on the market conditions (monopoly, high-price strategy, saturated market), the results differ.

### **5.3.2. Opportunities and obstacles: Trade agreements and sanctions**

Carrere (2006, p. 223) used a gravity model to assess ex-post regional trade agreements in 130 countries over the period 1962 to 1996. The results showed “that regional agreements have generated a significant increase on trade between members, often at the expose of the rest of the world”.

The attitude of Burgenland entrepreneurs to trade agreements was investigated (Granabetter, 2016c). It should be questioned whether entrepreneurs recognize the benefits of such agreements and they are a motivation to engage in export. More than 20 years have passed since the studies of Carrere. The results of this survey are related to the export economy. The survey has - like the discussion about trade agreements, TTIP and CETA – revealed very emotional attitudes by the entrepreneurs.

The effects of free trade agreements have been examined in numerous studies. The scientific discussion proceeds similarly controversially as the opinions and positions in the public diverge on planned trade agreements. However, all analyses are based on static models that negate the effects of

research and development, technology transfer and human capital formation (Felbermayr, 2016, p. 172).

The results of a study of Alfaro, Antràs, Chor, & Conconi (2015) suggest that contractual frictions play an important role in shaping the integration choices of firms around the world.

According to Flassbeck, deputising for the critics of trade agreements, in particular TTIP, the loss of economic sovereignty for nations or regions is the result of the decision for open commodity and capital markets.

*"If one were to understand that competitiveness is a zero-sum game, and if one were to understand how politics systematically fail to create the conditions for economic dynamism, one might try to harmonize everything that is often different between the economic areas for good reasons."*

(Flassbeck, 2014, p. 14)

According to Pitlik, the Anti TTIP-political mobilisation in the EU-28 is minimal in Lithuania, Estonia and Greece and maximal in Belgium, Germany and Austria. The assessment of entrepreneurs of the opportunities and risks that TTIP and other trade agreements offer is to be seen in the context of political mobilisation in the individual countries. He summarizes his study by saying that "Anti-TTIP political campaigning is strongly related with TTIP-disapproval." (Pitlik 2016, p. 230)

A similar picture is also shown in other studies:

*"In some EU member states, especially in Austria and Germany, protests and political campaigns against TTIP have received considerable support. The results, based on data from the Eurobarometer Survey, show that low support for TTIP is associated with low confidence in the EU Commission and large companies. The rejection of TTIP also correlates with the intensity of political campaigns against TTIP."*

(Pitlik, 2016, p. 230)

### **Additional empirical study using the example of entrepreneurs in Burgenland**

An online survey was selected for the method of investigation on the basis of the research project, the selected target group, the required information quality and the cost restrictions (Albers, Klapper, Konradt, Walter, Wolf, 2009, p. 51). The question asked was: Are trade agreements seen by entrepreneurs who run a small or medium-sized business as an opportunity for business? 64 entrepreneurs participated in the online survey, which was published in May 2016. The survey participants represent all sectors of the Burgenland economy, with the exception of banks and insurance, and are drawn from all regions of the state.

Taking into account a sample error of 10 % and a confidence level of 90 %, it becomes clear that

- 63.3% feel more affected by TTIP as a consumer than as an entrepreneur; only 35% perceive their concern as entrepreneurs, 1.6% of respondents do not expect any effects at all (question 4). None of the interviewees sees mainly opportunities for the Burgenland economy in TTIP (question 5),
- 78.8 % think it will bring more risk,

- 9.6 % consider TTIP balanced, and
- 11.5 % have no opinion.

The question asked, “Can you understand the criticism of TTIP?” and the results showed that 81.13 % of the interviewees agree with the statement “The negotiations on TTIP are led by the economy (score =1) and ‘the multinationals’” and 13.21 % rather agree (2).

Table 10: Can you understand criticism of TTIP?

Statement	Arithmetic mean	Standard Deviation
The negotiations on TTIP are run by industry and ‘the multinationals.’	1.32	0.83
Our specialities are endangered by TTIP.	1.57	1.05

Source: Online Survey, Question 7, 53 Participants, own calculation (2016), 5-point scale from 1=agree to 5=disagree

Question 8 was asked about the opportunities provided by TTIP in the estimation of the participant. The most frequent opportunity selected by respondents was trade facilitation (2.67), followed by the opening of new markets (2.80) and a simplification of product regulations (3.00). Fewer opportunities were seen for TTIP as a growth engine (3.08). The lowest-ranked statement about TTIP’s potential was its role in the stimulation of new impetus (3.16).

Table 11: Ranking of statements concerning opportunities of TTIP – estimation of entrepreneurs

Ranking	Statement	Arithmetic mean	Standard Deviation
1.	TTIP facilitates trading.	2.67	1.24
2.	TTIP opens up new markets for us.	2.80	1.47
3.	TTIP simplifies product specifications.	3.00	1.72
4.	TTIP is a growth engine.	3.08	1.38
5.	TTIP sets impulses.	3.16	1.28

Source: Online Survey, Question 8, 36 Participants, own calculation (2016)

The results of the survey have shown that the attitude of entrepreneurs to trade agreements is very ambivalent. Especially in the case of TTIP, the trade agreement with the USA, entrepreneurs are also very much affected as consumers. The manner in which trade agreements and commercial deals are operated is not seen by the entrepreneurs in Burgenland as a positive or negative factor in the export balance *per se*.

Entrepreneurs get their knowledge from the Internet and from newspapers. Almost one in five entrepreneurs discusses the possible impact of trade deals with other entrepreneurs. In addition to the desire for more information on planned trade agreements, there is a general need for systematic knowledge management (Lison & Hartel, 2015, p. 5).

The statement that the need for factually founded arguments is great among Burgenland entrepreneurs was also confirmed in this study. The cliché of the leading big conglomerates is very common. Another important point is that respondents believe they are more likely to be affected by TTIP as consumers than as entrepreneurs.

The subject of trade agreements is also reflected in the demands formulated by President Leitl (2016, 18). On the basis of the entrepreneurs' representations, the objectives for the year 2020 concerning internationalisation are formulated as follows:

- Secure long-term internationalisation campaigns and provide them with sufficient funding
- Future-oriented foreign trade strategy with a focus on growth markets
- Encourage mutual recognition in the EU internal market and SME-compliant legislation
- New agreements and enlargement of free trade agreements, especially with the USA (TTIP) and Canada (CETA), in compliance with European standards
- Modernise double taxation agreements and conclude further ones

Measures relating to the effects of trade agreements must therefore be tailored for entrepreneurs and should be informed objectively by their needs and requirements.

#### **5.4. Internal and external organisational factors as influencing variables for the export economy**

The attitude to export and the motivation to engage in foreign business are manifested in the company itself and in the environment. The companies are operating in the micro and macroeconomic tension field.

As explained in Chapter 2, companies show different export behaviour depending on the company's size and industry. The pattern can be summarised as follows: the larger a company is, the greater the probability that it will be involved in exports.

Another factor is the entrepreneurial personality, their attitude, plans and strategies. In this chapter, influencing factors are localised, which may affect the export business. In the analysis, parameters, e.g. the engagement in research and development or human resources, are used for predicting the export behaviour.

##### **5.4.1. Organisational cultural factors**

In her work, Loisch analysed how organisational-cultural conditions affect the export performance of small and medium-sized enterprises in Austria (Loisch, 2007). She concluded that there is a link between the values of the organisational culture and long-term business success. Four factors were examined: adaptability, mission, consistency and involvement.

Adaptability is characterized by proximity to the customer, changes and learning ability. A clear strategic orientation, precise objectives and a common enterprise vision are important characteristics of the mission element of a company's organisational culture. Strong common values, a high degree

of consensus and consistency as well as a strong hand for coordination and integration characterize companies with high consistency. Involvement, the fourth analysed factor, defines, according to Loisch, a company with a high degree of employee empowerment, team orientation and further development measures for employees.

Loisch's study results show that both adaptability and mission positively influence the export rate of the 101 small and medium-sized enterprises in her analysis. Consistency influences export performance in the opposite direction. Regarding the importance of involvement, no direct linear relationship could be established.

As indicators of competitiveness, Christen and Oberhofer (2017) have measured innovation (R & D expenditures), human capital (public expenditure on tertiary education) and sustainable energy use, energy consumption from renewable energy sources. In their opinion, innovations are of particular importance, ensure, and enhance competitiveness. Human capital is the starting point for labour productivity. The successful implementation of climate change agreements requires the restructuring of the economy. The early implementation of climate change measures will strengthen export performance (Christen & Oberhofer, p. 2017).

Jörg (2017) underpins the link between investment in research and development and the export rate. He sees international cooperation as an important impetus for the global economy. For companies with 10 or more employees, the export ratio increases with the ratio of R & D and sales. With an operating size of up to 9 employees, an R & D rate of 5-10% that of sales will achieve the highest export rate of the employment size class at 54%. Only for this category – 0-9 employees – is the export quota highest for anything other than the highest R & D class. Here, a high R & D share is not necessarily equivalent to a higher export rate.

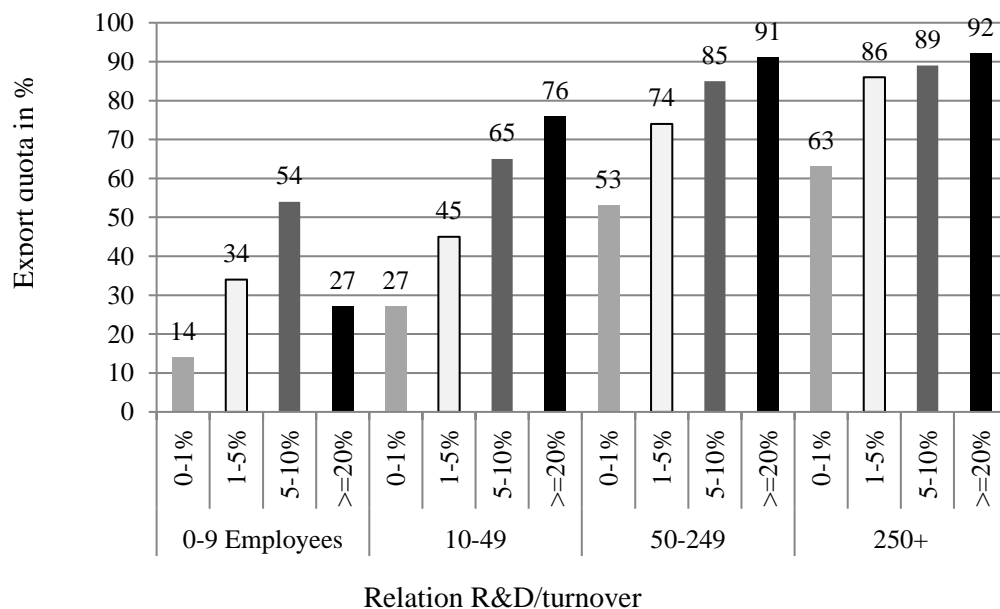




Figure 8: Export rate by company size and R &amp; D expenditure

Source: WIFI/KMU-Forschung (Jörg, 2017)

#### 5.4.2. The entrepreneurial personality

According to the Statistic Department of the Austrian Economic Chamber, the strengths of the Austrian Economy are the geopolitically favourable situation, the sectoral diversity and flexibility of the economy, the successful internationalisation, the excellent infrastructure and the effective social partnership. There are opportunities for increased export orientation, strengthened entrepreneurship and innovation potential as well as creativity, open labour markets exploit opportunities of migration (Leitl, 2016, in excerpts SWOT-Analysis, 10).

Köstner (2011) devoted her research to the demographic characteristics of the company's CEO and, in this context, investigated the company-specific and external factors that influence the company's success at company level. She came to the conclusion that the age of the company manager or export manager had a negative effect on the success of exports, whereas the level of education of the latter had a positive influence on the success of the export (Köstner, 2011, p. 251).

In her work, she calls for a sharper distinction between the concept of cultural and psychological distance in literature. In her opinion, these are two different concepts. Cultural distance deals with the national level, psychological distance with the individual level (Köstner 2011, p. 83).

Worth mentioning is the psychological distance paradox, or the paradox of the psychological distance. This concept goes back to O'Grady & Lane (1996). They found "a positive relationship between the psychological distance and the company performance on foreign markets," as exemplified by Canadian and US trading companies." (Hodicová, p. 82)

The paradox states that difficulties with transnational projects are not only high in societies with a high cultural distance, but also in companies with a low cultural distance. This is due to the fact that management at the point of market entry into a familiar country is blinded by the fact that this is easier to manage than in an unfamiliar one. After all, they have the experience of their own home market, which is very similar to the new market. However, similar does not mean that unexpected and unpredictable barriers cannot affect a successful market entry. A confirmation of the mental distance paradox was made by Evans & Mavondo (2002), and Pedersen & Petersen (2004). A related question was also included in the present study.

An analysis of the database of the Economic Chamber of Burgenland shows that over the last decade there is a correlation between exports and migrants and between migrants and starting a business. The results indicate that migrants' companies mainly focus on the market and its niches in the host country, particularly in the service sector. Migrant entrepreneurs are less focused on using contacts in their country of origin to start economically important changes in the export sector. Migrant businesses show the same export orientation as the domestic entrepreneurs of the observed region (Granabeter, 2017). The business activities of non-native entrepreneurs are not based on transnational business

relations, rather they operate in a local area context. Another important role is played by immigrants as employees of exporting companies. According to a study of the integration fund, 21% of companies see the employment of migrants as highly attractive and recognize additional language skills (67%), familiarity with culture and customs (44%) or the contact network (33%) of employees as a useful characteristic (Pramböck, 2013).

#### **5.4.3. International developments that affect companies**

In addition to company-internal variables such as:

- company size,
- competitiveness,
- resources and capacities related to external management,
- distribution possibilities and
- lack of skills and interest.

There is a second group of variables, which includes:

- environmental factors,
- customs and trade barriers,
- transport and transaction costs and
- domestic and foreign competition parameters that influence export activity (Loisch, 2007, 7).

The Austrian Economy benefited after EU accession in the year 1995. A strong internationalisation boom was the result of this step. 20 years later, in the year 2015, 71.4% of commodity exports went to the countries of the EU27 (Außenwirtschaft, 2017, 2). This ratio also applies to Burgenland.

With regard to the development of export opportunities, it is also necessary to look at the destinations. In which markets are the export opportunities already exhausted? Where is it worth investing? Which economies will develop in the next few years? Where are the emerging markets?

Christen and Oberhofer (2017) see in their study for the Austrian Institute of Economic Research a high likelihood of further gains for product and service exports by active research and development policy. They are mainly targeting opportunities in the:

- industrialised countries overseas: Australia, Canada, Japan, New Zealand, United States
- Western Balkan Countries: Albania, Bosnia and Herzegovina, Macedonia, Montenegro, Serbia
- Black Sea Region extended: Armenia, Azerbaijan, Belarus, Georgia, Turkey, Ukraine, Kazakhstan, Uzbekistan
- BRICS: Brazil, China, India, Russia, South Africa
- Latin America: Argentina, Chile, Colombia, Mexico, Panama, Peru, Uruguay, Venezuela
- South East Asia: Hong Kong, Indonesia, Korea, Malaysia, Singapore, Taiwan, Thailand, Vietnam
- Middle East: Bahrain, Iran, Israel, Jordan, Kuwait, Lebanon, Oman, Qatar, Saudi Arabia, United Arab Emirates
- Africa: Algeria, Egypt, Libya, Morocco, Nigeria, Tunisia

In addition, there are international impulses in developed and developing countries to further progress the global economy. The World Trade Organisation notes in its report for the year 2015:

*“Although traditional trade barriers such as tariffs have come down, and innovations in transportation and communications technology have shrunk the distance between nations, trade costs remain high, particularly in developing countries. SMEs suffer more from administrative burdens than large enterprises, particularly in developing countries. For instance, exports by SMEs are more sensitive to delays at the border than exports by large firms. Since the Trade Facilitation Agreement (TFA) will reduce delays at the border, it increases the opportunity for SMEs to become more integrated in international trade”.*

The WTO is very much in favour of trade facilitation. On 22 February 2017, a multilateral agreement on trade facilitation came into force, which will bring about improvements for multilateralism as well as for the general conditions of global trade in goods. The agreement contains a series of measures aimed at simplifying and improving transparency of customs and other administrative procedures in all WTO Member States. Experts estimate that if the measures are fully implemented, global trade costs can be reduced by an average of between 11 and 15% (Wirtschaftskammer Österreich, 2017, February 27).

According to the strategy of the WTO, trade facilitation should increase the exports of those firms already involved in international trade, while enabling new firms to export for the first time by reducing both the variable and fixed costs of exporting. It is furthermore estimated that trade and output gains will be bigger with full and accelerated implementation of the TFA (Trade Facilitation Agreement).

It is important for the Austrian economy to maintain its share of the global export economy. Austria owes more than half its prosperity to exports. As a small country with 8 million inhabitants, the Austrian economy is dependent on free trade and unhindered access to foreign markets. In general, Austria's export economy is focused on European countries. About 80% of domestic exports go to this region, Europe in general (Außenwirtschaft, 2017, 2). In the future, companies should be increasingly looking further afield, because the greatest potential for the export economy lies in America, Asia and also in Africa, according to the Austrian Economic Chamber (Wirtschaftskammer Österreich, 2017).

According to Enterprise Surveys (2017), on average 61.6% of firms use material inputs and/or supplies of foreign origin worldwide. The rate is the highest in non-OECD-countries with high income (81.6%), followed by OECD-countries with high income (73.3%), Latin America and Caribbean (66.6%), Sub-Saharan Africa (62.4%), Europe and Central Asia (61.9%), Middle East and North Africa (60.5%), East Asia and Pacific (41.1%) and South Asia (40.2%).

## **5.5. Results empirical analysis**

The focus of the investigation was on the entrepreneurs in Burgenland and in particular the members of the Foreign Trade Committee and the Trade Delegates of the Austrian Federal Economic Chamber,

who assist entrepreneurs in exports. The entrepreneurs, their attitude and willingness to export are the object of investigation, regardless of the industry in which they are active or to which specific destination they want to export or they already have trade relations abroad.

### **5.5.1. Entrepreneurs - Members of the Burgenland Economic Chamber**

The focus of this study is on the entrepreneurs of the commercial economy of the Austrian district of Burgenland. The framework conditions of the economic location have already been discussed in the previous chapters, along with the estimated potential of exporters.

#### **5.5.1.1. Online survey**

At the beginning of the study, the results of the online survey carried out showed that, despite the fact that the link to the online questionnaire was disseminated via a newsletter and provided via the website, there were not enough participants for valid results, even if the examination period was several weeks and the participants were addressed via different channels.

Regarding the analysis it must be made clear that only 7 of the 42 entrepreneurs (16.7%) were not yet engaged in exports at the time of the survey, whereas 35 (83.3%) had already succeeded in accessing foreign markets. This study's survey should be considered in relation to the overall number of 17,321 entrepreneurs in Burgenland. Of these, 5%, or approximately 866 members of Burgenland's economic chamber were already active in exports. At the Austrian average rate of 10%, approximately 1,731 entrepreneurs would be likely to be exporters.

The first question divided the respondents into exporters and non-exporters. Thirty-five (83.3%) of the forty-two respondents were already engaged in exports. Seven (16.7%) pursued their business activities at the moment only on the home market.

The measurement scale for importance ranges from 1 "Very Important" to 5 "Unimportant". The importance score follows the school grade system. Testimonials do not encourage expanding abroad (importance score 2.71). Information about new markets (1.52) and support to enter the market (1.57) were seen as very important.

The Austrian Trade Division of the Austrian Economic Chamber (AWO) is well known (25 mentions). The respondents were familiar with its export-newsletter (22) and the advisory package of the AWO (21). Awareness of the export-newsletter is confirmed by the answers to the question regarding information sources (the AWO newsletter was rated the most important source of information with an average score of 2.57).

The respondents were very optimistic about their chances in the future. Only three thought that their market share in foreign markets would decrease in 10 years as contrasted with their chances in 5 years. On a scale from 0 (more risk) and 100 (more opportunity) the arithmetic average was 63.14. The standard deviation was 23.98 and the average absolute deviation 19.62.

A majority of respondents declared their confidence in Austrian products, their positive image in the world (34 mentions) and the potential for increasing the volume of exports (32). A majority recognised the need for Burgenland's economy to export (25).

The top destinations for most of the respondents were Germany (27 mentions), followed by The Netherlands (19), Hungary and Belgium (16). The items are partly consistent with the official export statistics of Burgenland's economies, with Germany and Hungary on the head of export statistics. Are these the most promising markets for entrepreneurs who do not export in the moment but intend to do so in the future? This could form the basis of a further study.

One open question was positioned to query the respondents' attitude towards export topics.

The majority of respondents belong to the division of trade (24) and are located in the region of Neusiedl/See in the north of Burgenland. These figures correspond with the distribution of entrepreneurs in the country (WKO Statistik, 2015).

Considering the 42 respondents in proportion to the 17,321 entrepreneurs in Burgenland, it must be noted that there is a lack of generalisability of the results. At a confidence level of 95% the confidence interval is 15.1 (table 47 and 48). At a confidence level of 95%, a minimum of 376 interviews are needed to achieve a confidence interval of 5%. At a confidence level of 99%, a minimum of 641 respondents are needed (table 49).

The minimum standard deviation of answers is 0.66, the maximum 1.91. The standard deviation quantifies the amount of variation or dispersion of a set of data values. The scale ranges from 1 "Very Important" to 5 "Unimportant". A low standard deviation indicates that the data points tend to be close to the mean – also called expected value – of the set, while a high standard deviation indicates that the data points are spread out over a wider range of values (Bland & Altman, 1996).

The frequencies of the online survey of the entrepreneurs are visualised in the figures 16 to 18 and 22 in the appendix.

Table 12: Important factors encouraging going abroad

Item	Arithmetic mean	Standard deviation
Information about the possible target market	1.52	0.83
Substantial market analysis/observation	1.60	0.66
Successful pioneers	2.71	0.93
Financial sponsorship to entering the market	1.98	1.09
Assistance to take the first steps (such as AWO)	1.64	0.91
Information about ways of funding	2.26	1.23
Support in searching for partners	1.76	0.96
Safe political situation in the target market	1.64	0.69
Support in legal affairs	1.57	0.70

Source: Online survey, 42 respondents, Scale 1 very important – 5 unimportant

Table 13: Important sources of information

Item	Arithmetic mean	Standard deviation
Regional newspapers	4.19	1.73
Regional newsletter	3.52	1.73
AWO-Newsletter	2.57	1.35
wko.at homepage	2.71	1.15
wko.at/aw homepage	3.62	1.53
advantageaustria.org homepage	4.38	1.91

Source: Online survey, 42 respondents, Scale 1 very important – 5 unimportant

Some studies combine the method used in this study with other data collection techniques. Too small sample sizes are a prime reason to ensure results by other methods. A focus group could be an additional method to get more information about the target group, but this tool has its own drawbacks. It is not appropriate to give percentages in reports of focus group data, and it is important to try to distinguish between individual opinions expressed in the group and the actual group consensus (Kitzinger 1998, p. 301). Despite the potential drawbacks, the decision was made to secure or evaluate the results through focus groups and expert interviews.

Other online surveys with the target group of the members of the Burgenland Chamber of Commerce did not encourage many more members to participate. The 2016 survey on trade agreements was completed by 64 participants and the 2017 survey on the location dialogue by 276 participants. The participants in the latter survey were acquired by personal contact, and in this survey exports were

only a minor part of the survey. The results of the online survey about trade agreements were discussed on page 50.

The online survey as a part of the project “Dialog on the Economic Location Burgenland” showed the following results:

- 42% (60 of 143 respondents) plan to enter new business areas or new geographic markets in the next years, 58% (83 of 143 respondents) have no plans.
- Of those who are entering new fields of business or new geographic markets in the next few years, 38% wish to be supported by the government.
  - From those who want to enter a new business or market, the majority (19) plan expansion investments, followed by replacement investments (5).
- These investments are in processes (13), value added (10), other reasons (6), investments in materials (4), recipes (3) and energy (3).

In the present survey, entrepreneurs who want to broaden their business or market activities are mainly non-exporters (52%). The sales of this group were stable in the last 3 years. The exporters who want to increase their business and market activities recorded rising sales in the last 3 years.

Table 14: Sales trend of exporters and non-exporters over the last 3 years

	Exports more than 1%		No exports	
Rising sales	15 mentions	27% of all entrepreneurs	11 mentions	20% of all entrepreneurs
Stable sales	9 mentions	16% of all entrepreneurs	15 mentions	27% of all entrepreneurs
Decreasing sales	3 mentions	5% of all entrepreneurs	3 mentions	5% of all entrepreneurs
Totality	27 mentions	48% of all entrepreneurs	29 mentions	52% of all entrepreneurs

Source: Online survey “Standort-Dialog, Dialog on the Economic Location Burgenland”, 56 respondents of this item

The optimistic mood of the exporters is also shown in the Wirtschaftsbarometer (2017) of the Economic Chamber. According to this study, exporting companies also have a more optimistic outlook for the coming 12 months, both for exports and domestic sales. Expectations for exporters are also positive in important indicators - the economic climate, investment and the number of employees - whereas the non-exporting companies show significantly lower or negative expectations (Wirtschaftskammer Österreich, Wirtschaftsbarometer 2017, 4-6).

In addition to the location dialog online survey, three focus groups were also held throughout the district. The export issue was treated superficially in the groups. The topic was part of the agenda.

The results:

Infrastructure:

- Improvement of the railway line would be important, too few special wagons for grain at the national railway company, therefore transport by truck on the road
- Connection to the airport has to become better, a direct connection to Burgenland - airport has to be built, detour via Vienna should be dropped

Attitude:

- Burgenland's entrepreneurs have to look beyond the boundaries.
- Burgenland's economy must expand its horizons, be more open to the world, not just focus on regional issues

The online questionnaire and the results of the focus group were included in this study to check whether the same or similar results are obtained if exports are a central part of the investigation.

### 5.5.1.2. Expert interviews

A total of 10 entrepreneurs were interviewed. From 2015 to 2017, two of them were monitored in their export efforts and occasionally interviewed. The results show that the entrepreneurs are aware that exporting needs patience and perseverance and that the provision of resources is necessary (10 of 10 respondents).

As a motivation for foreign business, the respondents named the expansion of the economic base (8), new sales markets (8) and personal interest in foreign business (8). The development of the export business is limited by crops for companies in the agricultural trade sector (4). The climatic conditions and the specific characteristics of the cultivation area play an important role in producing and dealing in agricultural products (5). Some firms say they have a unique selling proposition (7). In some sectors, the deficit of skilled employees has a limited effect on foreign business (3). The majority of the respondents deal with the domestic market and the export market equally, only two entrepreneurs having a bias towards the home market.

Entrepreneurs are open to all markets (8), one entrepreneur did not want to export, and one had already closed his business because of insolvency as a result of problems with the export business. Particularly important, however, are networking and good business contacts (10). Internationalisation, the establishment of an international office or a branch office is often the next step after a successful foreign business transaction (3). Two of the respondents realised their plans, but one entrepreneur stopped in the planning phase because of financing problems.

It was particularly stressed that, in particular, colleagues, business partners or friends who have been acquainted with exporters at trade fairs or exhibitions (3) or belonging to the circle of friends or acquaintances (2) are a motivation to open new business relationships, expand the export business or enter new export markets. This is a result, which is confirmed by previous studies. The findings of an OECD study showed "that small firms rely more on indirect and agglomeration networks" (Lejárraga *et al.*, 2014, p. 2). In the sense of the guidelines defined at the beginning of the work, the interviewed entrepreneurs are considered small-scale enterprises. According to Lejárraga (2014, p. 55-58), the measures most frequently used non-financial instruments by SMEs are: staff training, trade



missions, adequate information on rules and regulations, adequate information on market opportunities, assistance with identifying potential foreign business partners, arranging series of one-to-one meetings with potential foreign business partners, assistance for exhibiting in international trade fairs and assistance.

These measures were also frequently mentioned in the expert interviews of the present study. An entrepreneur who had to file for insolvency as a result of foreign business complained about the lack of advice on foreign currencies. A surveyed entrepreneur who does not want to export has never accepted a consultation offer. All eight other respondents have already participated in business and branch meetings organized by the Economic Chamber, as well as in international trade fairs.

The mentioned countries to which business relations already exist and those where efforts are made, are distributed all over the world. The Foreign Economic Department of the Austrian Economic Chamber is always called as a reliable partner of all exporters (8). All the successful exporters who took part in the interview have already had contacts with the offices at home and abroad (8).

Problems of the industry were named as obstacles (4), along with difficulties in the export business (2). Non-tariff trade barriers though were considered the main problem (8). Trade agreements and trade embargos were not mentioned as a problem in any of the interviews.

Particularly noteworthy is an interview partner who has worked very successfully with a Japanese business partner in the Austrian market, but has failed in the export market of Japan. The entrepreneur has not adjusted to the new market or made appropriate arrangements for currency fluctuations, the lack of which ultimately led to the bankruptcy of the company. From today's point of view, the entrepreneur advises in any case to seek advice from experts, especially from the Austrian Economic Chamber's foreign trade organization. Until the company was closed, the entrepreneur, who had his business in southern Burgenland, in a region with a very low economic climate, was celebrated for his success Austria-wide and enjoyed a very good image as Austria's flagship entrepreneur. Today the entrepreneur is working for a different company in the industry.

## **5.6. Professional Foreign Trade Association**

The Foreign Trade Association has 70 members in Burgenland. It is an independent organisation in the Economic Chamber. The elected officials (= entrepreneurs) set the focus of the work and they represent their branch and their interests in public against other sectors.

### **5.6.1. Online Survey**

The link to the questionnaire was sent to the members after prior announcement (oral/elected officials, written/all members) by the managing director. 13 of 70 members participated in the online survey in July 2015. 76.9% of the respondents were mainly active in exports, 23.1% had their main income through imports.

The following factors are important for the members of the Foreign Trade Association (in descending order):

1. information about the possible target market,
2. support in legal affairs,
3. substantial market analysis/observation and ex aequo assistance to take the first steps,
4. support searching for partners and ex aequo safe political situation in the target market,
5. financial sponsorship to enter the market,
6. information in ways of funding
7. successful pioneers.

The largest standard deviation exists in the range “information in ways of funding”. The question of funding was therefore also addressed in the expert interviews, where it was shown that the topic in this area is evaluated in a subordinate order. A comparison with the assessments and answers shows that the list is consistent.

The results show a similar picture as in the survey of general entrepreneurs, it differs in the midfield of the rating of the item “assistance to take the first steps”, “support searching for partner” and “safe political situation in the target market”:

1. information about the possible target market,
2. support in legal affairs,
3. substantial market analysis/observation
4. assistance to take the first steps and ex aequo safe political situation in the target market
5. support searching for partners,
6. financial sponsorship to enter the market,
7. information in ways of funding
8. successful pioneers.

The need for information about possible target markets and for support in legal affairs are at the top of both lists. Factors, which are less motivating for the export business, are the topics concerning finance and funding. The least motivation to export for both surveyed groups are the presence of successful pioneers.

The frequencies of the online survey of the trade delegates are visualised in the figures 19, 20, 23 to 25 and for the entrepreneurs in figure 21 and 22 in the appendix. The graphs show that the trade commissioners are aware of the importance of the support in legal matters, network of affiliates in the target markets; the most of them ranked valued the items as “very important”. The majority marks the political stability in the target market, subsidy programmes and hedge against exchange rate risks as “important”.

Table 15: Important factors encouraging going abroad – comparison between entrepreneurs and members of the foreign trade association

Item	Arithmetic mean - entrepreneurs	Arithmetic mean-foreign trade	Standard deviation – entrepreneurs	Standard deviation – foreign trade
Information about the possible target market	1.52	1.46	0.83	0.66
Substantial market analysis/observation	1.60	1.69	0.66	0.85
Successful pioneers	2.71	2.77	0.93	1.09
Financial sponsorship to enter the market	1.98	2.23	1.09	0.93
Assistance to take the first steps (such as AWO)	1.64	1.69	0.91	0.48
Information in ways of funding	2.26	2.46	1.23	1.51
Support searching for partners	1.76	1.92	0.96	0.76
Safe political situation in the target market	1.64	1.92	0.69	0.76
Support in legal affairs	1.57	1.62	0.70	0.65

Source: Online survey, 42 respondents, Scale 1 very important – 5 unimportant

Both groups – entrepreneurs and members of the foreign trade association - also show parallels in the use of the information sources. Electronic media such as the homepage of the Economic Chamber and the newsletters are popular. The members of the professional association foreign trade prefer to get information through wko.at – the homepage of the Economic Chamber, followed by the newsletter of Advantage Austria and the regional newspaper of the Economic Chamber. Circular notes are less interesting. Entrepreneurs who took part in the general survey also prefer to get information through electronic media, and rank the newsletter before the homepage. They prefer to be provided with information, rather than to inform themselves via the homepage.

The main focus of the members of the professional association of foreign trade is on neighbouring markets. The most important countries are Croatia and Slovenia (84.6%), Hungary and Slovakia (76.9%). Germany is important for about half of respondents (53.8%).

The top priority of the interviewed entrepreneurs is on Germany, which is named by 64.3%, followed by the Netherlands (45.2%). In total, the foreign traders mention 23 nations in which they have business relations, the entrepreneurs overall name 29 nations.

When asked about the assessment of risks and opportunities, a slider was installed to determine the answer. This form was chosen to fine tune the rating compared to a conventional rating scale. The exact rate of grading – from 0 (more risk) to 100 (more opportunity) - was not apparent to the survey participant. With a score of 62.23 (entrepreneurs 63.14), the surveyed retailers see more opportunity than risk in the export business. They are very optimistic. More than half of them (61.5%) expect a growing development of their export business in the next five years as well as in ten years. 15.4% think their export activities will be stable in the next five years, exactly as many who think they will be declining.

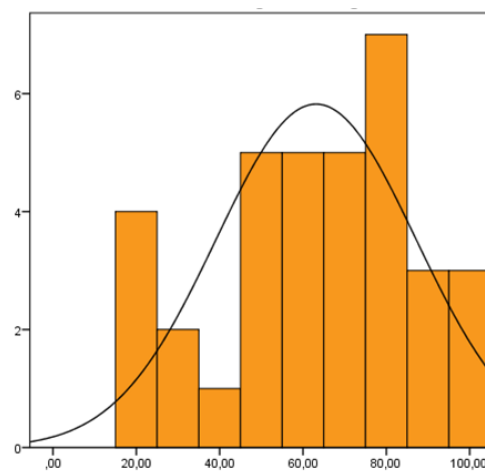


Figure 9: Assessment: More opportunity or more risk in export, frequency, scale 0 more risk to 100 more opportunity, arithmetic mean 63.14, standard deviation 23.98, n = 35, own online survey, March 2015

Figure 9 shows the distribution of responses to the question of the assessment of the opportunities and risks of exports. Entrepreneurs see opportunities rather than risks. The distribution visualizes the recognition of the opportunities.

An important question, which is also asked in this study, is the self-confidence of the entrepreneurs. How do they see each other? How do they see the economy in general?

Table 16 shows the attitude of entrepreneurs to domestic business concerning the international economy. The statement “Austrian products have a good reputation” finds the most approval, followed by “Foreign trade is an important pillar of the Austrian economy”. This opinion is also shared by the surveyed members of foreign trade. The good reputation of Austrian products ranks second in this group. Obviously, pride in domestic production and entrepreneurship is an important export category. The assessments of the infrastructure and support rank further apart. The assessment “It is easier to become active in a market in neighbouring countries first” ranges in both groups at the end of the scale.

Table 16: Attitudes of entrepreneurs to domestic business concerning the international economy

Statement	Approval All entrepreneurs	Ranking	Approval Foreign trade	Ranking
Foreign trade is being extensively promoted in Austria.	4.8%	10	23.1%	5
In Austria there is a climate favourable to foreign trade.	42.9%	6	46.2%	2
Political framework conditions play an increasingly important role in foreign trade.	52.4%	5	46.2%	2
Through its infrastructure, Austria is well integrated into the international economy.	23.8%	9	30.8%	4
Austrian products have a good reputation abroad.	81.0%	1	46.2%	2
The potential of Austrian companies abroad is expandable.	78.2%	3	46.2%	2
Foreign trade is an important pillar of the Austrian economy.	78.6%	2	76.9%	1
It is easier to become active in a market in neighbouring countries first.	35.7%	7	7.7%	7
Burgenland has catch-up requirements in terms of exports in comparison with other federal states.	59.5%	4	38.5%	3
Burgenland entrepreneurs are to appear abroad under the umbrella brand "Made in Austria".	31.0%	8	15.4%	6

Source: Online survey Entrepreneurs (enquiry period January to March 2015) and members of the professional association foreign trade (enquiry period July 2015)

The majority of the respondents of both surveys identify with the following statements (in descending order):

- Austrian products have a good reputation abroad.
- The potential of Austrian companies abroad is expandable.
- Foreign trade is an important pillar of the Austrian economy.

Foreign traders value furthermore the statements (in descending order):

- In Austria, there is a climate favourable to foreign trade.
- Political framework conditions play an increasingly important role in foreign trade.
- Burgenland has catch-up requirements in terms of exports in comparison with other federal states.

The statements show that the entrepreneurs appreciate the quality of the products very highly, as well as the importance of exports for the economy of the country. Promotion programmes are less valued, or their importance is not as high. Further investigations of the companies in the Burgenland are intended to refer to this question complex in order to verify the validity of the statements.

### **5.6.2. Focus group**

The target of the focus group with 10 participants of the professional association in November 2015 was to review the topics of economic climate, export destinations and subsidies. The foreign traders were all members of the elected committee of the branch. A written record of this meeting was prepared by the Managing Director of the professional association, which was made available to the participants.

On the agenda were also other export-relevant issues. The topics of the focus group, which was part of the review, were guided by the guidelines of the online survey.

The entrepreneurs export primarily to EU countries, followed by countries in Asia, and North and South America. A subject raised by one of the participants was a problem with a promotion programme. The occasion was a grant, which was refused because it did not meet the guidelines. No supplementary allowance was paid for the further training of an employee, since she did not meet the age criteria for the training.

The meeting lasted an hour and was held in a neutral place. One participant thought that the country should provide more money for export consulting, in order to attract more entrepreneurs into exports. He is also active in the consulting industry and is responsible for companies from various sectors on the global markets. In his case, extending the funding offer would mean the opportunity for more orders.

Opinions formulated within the framework of the focus group and which met with approval in the group included the following:

- “We need better support from politicians at both the state and federal level.”
- “Our representatives, especially representatives elected in Parliament, must represent the economic interests and not be party soldiers!”
- “The political parties must promote and support and not hinder, solve problems and not create new ones!”

In March 2017, the group was consulted again to evaluate the results of the survey of the trade commissioners. The group - the participants were the same as the focus group - were supplied with the results of the study. The group discussed whether it was necessary to begin exporting to a neighbouring market, and decided that it was not. There may be similar problems with exports to an adjacent market that there are with exports to remote markets. The relevant problems are primarily caused by transportation, i.e. issues with hauliers and the transfer of goods by corporations, which

only allow delivery in certain periods. Another subject raised was the problem of non-tariff trade barriers.

Within the context of this feedback on the survey results, the question was also asked why the issue of taxes is not considered to be important in the context of exports. The results of the discussion with members of the foreign trade association showed that they are generally not concerned with the issue of export taxes. Taxation on the ground usually takes place via the freight forwarders and is therefore not a priority issue for the exporters themselves.

## **5.7. Trade Delegates**

The tasks of the foreign trade offices of the Federal Economic Chamber are diverse. They work in the field of knowledge transfer, market research, the organisation of meetings and business platforms as well as economic missions. The service and consulting offer is free of charge (Außenwirtschaft, 2017).

The economy delegates are also available for inquiries at domestic events. They write country reports with facts and business opportunities are offered by the respective country. If a company is not interested in a particular export country, its representatives can visit industry events and find out the opportunities for its business idea and find a suitable export country.

### **5.7.1. Online survey**

The link to the online survey was sent by the central office of the Department of Foreign Affairs in the Austrian Federal Economic Chamber to all departments abroad in the usual electronic service mail with a request for participation in the survey. 84 participants from the foreign trade offices participated worldwide. The survey also included open questions to allow freedom of expression.

The results of the survey are summarised below. The following list comprises areas that should be developed to promote the Austrian export economy. The listed items were clustered to focus on new research approaches, e.g. export and digitalisation or export and innovation.

#### **Finance and funding:**

- Financial support for foreign activities and above all for investments abroad
- Expansion of export financing options
- More overview and transparency in the field of subsidies
- Access to cheap financing, especially in Africa
- Export financing more targeted and sustainable than export subsidies
- Promotion of trade fairs and the first support for export to a foreign market are important.

#### **Trends:**

- Focus on innovation, digitisation
- In the long term, the best approach is to begin in schools (providing a basic understanding of the economy as well as global interrelationships). Encourage foreign language skills - at least English, for example, in technical training.

### Organisational measures:

- One-stop-shop for exporters: bundling the support measures
- Initial counselling and coaching should be encouraged.
- Installing of a export department in each the regional Chamber of Commerce to intensify the national and regional offers for starting or expanding export business
- Better partner network, combination of services: Embassies, Central Bank, Chamber of Commerce, national governments
- Workshops on technical / legal requirements of exporting
- More efficiency: Slimmer structures, no duplication of authorities

### Awareness raising measures:

- Raise awareness about the importance of funding – subsidies are not a support for holidays
- Promotions are not a gift
- Beware of fraud
- Remote markets: much untapped potential.

### Advice for first-timers to a new target market:

#### Situation analysis:

- Information about the market
- Information before starting any activity
- Realistic assessment of costs and duration of market entry
- Get expert advice! Advantage Austria, lawyers, tax-consultants
- Mind the existing resources in every phase of export activity!

#### Market selection:

- Acquire market knowledge
- Information in the target country
- Check the reliability of the business partners
- Recognise the subtle nuances of the business world in the foreign market!

#### Objectives:

- Consider market cultivation as an investment in the future of your business!
- Strategy: develop a clear strategy!
- Developing the strategy together with Advantage Austria

#### Measures:

#### Successful market entry:

- Visiting events and attending meetings, beginning by searching for information in Austria, later on abroad
- Show potential business partners that you want to build a sustainable business relationship – develop personal relationship!
- Networking, establish alliances
- Solution-focused advertising and communication (web)
- Build up a comprehensive network as quickly as possible



### Successful business development:

- Using of export guarantees and factoring
- Check creditworthiness
- Risk spreading

### Additionally:

- Trends: Observe trends such as digitisation
- Entrepreneurial personality: Be patient! Intercultural differences should not be underestimated. Be open-minded! Check creditworthiness! Be careful! Just do it! You get everything served on the tray! Think global, act local.

### Summary:

- Networking is very important - support for the search for business partners is highly valued. Networking extends beyond relationships in the target market – the network meetings of AW and organisation of events are also important
- In comparison, subsidy programmes are assessed to be less important. The question is raised: are subsidies really less important or have recipients become so accustomed to the funding programmes that they no longer value them as highly?
- The impact of successful pioneers is considered rather small. Events or activities where successful entrepreneurs are honoured do not have any effect on the export participation of other entrepreneurs. There is a parallel to the survey of entrepreneurs.
- Companies are aware of the AW. Exports are an important pillar of the Austrian economy.
- In the opinion of the interviewees, the political framework conditions play a rather minor role for the export economy. A question that raises itself: are the changed political frameworks more likely to be found in the media than in the foreign trade balance? Keyword Trump
- The first “walking tests” in the export market need not necessarily take place in a neighbouring country.
- In Burgenland one means that our export economy is an orphan. 59.5% of the interviewed entrepreneurs said that Burgenland needs to catch up on export. This is an opinion not felt as strongly in the AW-centres abroad. 44.0% of the respondents of the online survey said that Burgenland needs to catch up in export in comparison to other Austrian districts.
- Export is caught between the forces in the tension of regionalisation and globalisation. (Yes 61%)
- Information shortages and competition in the target country are seen as the biggest obstacles for entrepreneurs in the export market, followed by insufficient corporate risk-taking and bureaucratic hurdles in the target country.
- Domestic customs clearance is considered to be unproblematic. Question: is this because there are no problems with it? Or because these problems are not perceived in the AW centres?
- Areas, which should be expanded further: tight networks - combining the forces / one-stop shop. Export consultant for an entry / export fitness check. Even more consciousness raising. Knowledge management (intercultural training, languages).
- The Foreign Trade Centres are all warmly welcomed. Nevertheless, patience is required in the development of export relations. Do not despair. Good preparation and strategy are important.

The questions and topics of the online survey of the trade delegates were selected based on the online survey of entrepreneurs. The aim was to query commonalities and differences in attitudes to topics of export with regard to targeted measures of national institutions and organisation to set export-stimulating measures.

From the survey, it can also be deduced whether measures that have already been taken, such as the invitation to tender for the export price, will appeal to the target group of entrepreneurs. The results of the survey are a starting point to evaluate existing programmes, such as funding and funding. Another point is the assessment of trade delegates regarding the attitude of entrepreneurs to export and export-related issues. In their opinion, important services are “Support in searching for business partner”, “Support in legal matters” and “Network of affiliates in the target market”. The standard deviation is the lowest in the case of the first statement, and largest on the end of the scale, concerning the statement “Entrepreneurship/affinity in leadership” and “Information on financing options”.

Table 17: Important services for entrepreneurs who are already exporting or who want to do so in the future – survey of Austrian Trade Delegates in international offices  
Evaluation: 1 = very strong influence; 5 = no influence

	Arithmetic mean	Standard deviation
1. Support in searching for business partners	1.24	0.43
2. Support in legal matters	1.37	0.51
3. Network of affiliates in the target market	1.55	0.72
4. Prior knowledge of the target market	1.63	0.74
5. Intercultural skills	1.65	0.65
6. Information about target markets	1.72	0.72
7. Quality of the products offered	1.76	0.67
8. Support in organisational matters	1.92	0.74
9. Entrepreneurship / affinity of leadership	1.99	0.82
10. Information on financing options	2.08	0.83

Source: Own Online Survey 2017, 84 participants

Participants were also asked about the biggest obstacles to SMEs beginning or growing exports. Competition in the target market is considered to be the biggest obstacle in the way of exporting, followed by information deficit and a lack of entrepreneurial risk-taking. Target-oriented knowledge management could be used especially in the areas of information deficit, information about financing,

intercultural and language skills. “The competition in the target country” and “the information deficit” are seen as the biggest obstacles. “Customs clearance abroad” and “Great demand in the country of origin” are less seen as obstacles.

Table 18: The biggest obstacles to entrepreneurs beginning or expanding exports – survey of Austrian Trade Delegates in international offices  
Evaluation: 1 = very strong influence; 5 = no influence

	Arithmetic mean	Standard deviation
1. Competition in the target country	1.81	0.67
2. Information deficit	1.83	0.77
3. Too little entrepreneurial risk-taking	2.02	0.88
4. Bureaucratic hurdles in the target country	2.05	0.96
5. Financing	2.32	0.97
6. Lack of intercultural skills	2.33	0.97
7. Lack of language skills	2.33	0.99
8. Technical standards	2.54	0.94
9. Customs clearance abroad	3.07	1.10
10. Great demand in the country of origin	3.08	0.93

Source: Own Online Survey 2017, 84 participants

The problem areas identified in the survey of entrepreneurs and the expert interviews are consistent with the survey of trade commissioners. Important topics identified in all three sets of results include information deficits and the search for new business connections. The entrepreneurs consider it very important that information is made available to them.

The most popular service among entrepreneurs is the foreign trade organization of the Austrian Federal Economic Chamber (59.5%). Service offers are also well known: Export consultations (50.0%), market exploratory trips (40.5%), market analyses, events abroad and trade fair consulting (35.7%). Import consulting (4.8%), investment advice (7.1%) and technology consulting (7.1%) are less well known.

Of the communication channels, the newsletter of the foreign trade organization (52.4%) is the most widely known among the exporters, circular letters are less important.

The role of information, collaboration and knowledge in the effectiveness of new exporters or established exporters and topics and information-related issues, collaborations and knowledge are most important when entrepreneurs start to sell their products abroad or want to expand export. It can

be seen that information plays a very important role, whether it is referred to by institutions or other participants in business life. This was shown particularly in the expert interviews.

In addition to providing information, entrepreneurs also want to share in and benefit from the experience of other exporters. They rate the opportunity to participate in the successful business relationships of their business partners highly. Respondents benefit from the export relationships of their business partners, as opportunities also arise for the export of their own products. Collaboration is a good method to enter a new market, the export of water and wine being a good example.

Knowledge opens up new market opportunities. According to indications in the online surveys and in the expert interviews, information on the policies and framework conditions in the export destination (consumption patterns, competitors, regulations, trade structures, importers) are particularly important. Lack of information jeopardizes the success of exports. The company of one respondent slipped into insolvency due to a lack of information and support after deliveries to Japan.

A lack of cultural and language competences is an obstacle to the export economy. The experts of the foreign economic centres advise studying the market personally and for entrepreneurs to visit the possible export country.

Entrepreneurs are optimistic about the domestic export economy. The surveyed entrepreneurs estimate their export opportunities on a scale from 0 (more risk) to 100 (more opportunity) with a value of 63.14, i.e. more opportunity than risk (Granabetter, 2017/b). This positive attitude is to be used in the interests of export promotion in order to attract new exporters and to encourage exporting companies to tackle new markets.

### **5.7.2. Expert interviews**

The expert interviews of the trade commissioners show that the mood is very positive. All of them see opportunities for the export industry (7). They see particularly good opportunities in the countries they are currently working in, but the exact possibilities vary depending on the industry. Good opportunities are predicted for agricultural products, especially wine, and technical, chemical and medical products.

Six of the 7 respondents think there is catching up to be done for the Burgenland export economy. One respondent sees Burgenland on the same level as other federal states, concerning possible export quotas. Five respondents agree that exports are caught between the forces of globalisation and regionalisation, but two of them are not sure.

The lack of demand is one of the most important obstacles for entrepreneurs to go abroad (named by 3 respondents), followed by “not the right industry”, lack of information and lack of courage (in each case mentioned twice). Subsidy programmes (4), information (2) and possibilities for networking (1) are areas that should be expanded.

Respondents gave very encouraging comments on the question of recommendations for first-timers. They are available for any inquiries. One of them recommended new companies to visit the branch meetings to find a suitable country for export.

Here are some suggestions for making a start in the export business:

- Have patience, 3 years may pass before one will have success
- Good preparation is important
- Visit trade fairs and do the follow-up conscientiously
- Show patience and consistency
- Get help, comprehensively inform, build up a network
- Cooperate with the bank, to be more financially secure
- Observe branch-specific characteristics; agricultural trade is very special and therefore not comparable, regional quality follows seasonal ups and downs
- Networking is important to settle niche products like orange wine, sweet wines, e.g. horizontal diversification of conventional produced and natural, organic wine or networking of winetraders and water fillers.

An entrepreneur from the wine sector reported on a successful export business that came about through the mediation of a friendly business partner. For the exporter, for example, the drink market in Iceland was developed, a destination, which he would not have worked on because of the lack of market knowledge and the psychological distance.

Export as a form of diversification is mentioned very early in the literature. According to Ansoff (1957, p. 114), Jacobs (1992, p. 8) describes the fact that internationalisation and diversification strategies do not enter into each other until the scope of an expansion of business activity abroad also changes the offer of services to the new market segments and thus also offers a new product.

Already Porter (1986, p. 49 ff.) analysed the chances of networks of global industries. “There are a number of alternative ways of networking. One is to network by stage of the process. ... Another approach is to network based on product varieties.” In the literature, today the process is discussed under the term value chain. Alfaro, Antràs, Chor and Conconi (2015) note that “in recent decades, advances in information and communication technology and falling trade barriers have led firms to retain within their boundaries and in their domestic economies only a subset of their production stages.”

## **5.8. Hypothesis analysis and verification**

Entrepreneurs who have not yet exported, and perhaps do not even intend to begin to export at the moment, do not explicitly deal with the motives for starting in the export business, therefore the mixed method approach was chosen for exploration. The mixed methods approach is a research strategy in empirical social research in which different methods or views are applied to the same phenomenon, or different data are used to investigate a phenomenon in order to balance the weaknesses of one approach with the strengths another. The aim is usually to achieve a higher validity for the research results and to reduce systematic errors (Blaikie, 1991; Flick, 2008).

The triangulation is the most widely used mixed methods approach (Fielding & Schreier, 2001) although the use of different methods naturally also implies the use of different data and thus data triangulation (Bryman, 1988).

Theories developed by qualitative methods can be tested by means of the development and application of appropriate quantitative measurement instruments in larger populations (Danermark, *et al.*, 2002). A particularly frequent example is the use of quantitative surveys as a result of qualitative interviews (Flick, 2007). This method has been chosen for the investigation of the attitudes and opinions of the trade commissioners.

The opposite approach was taken in the case of entrepreneurs, since the quantitative survey showed that respondents were less concerned with the topic. Entrepreneurs who are already active in the export business, reported willingly on their business. Obviously, a successful export business represents a boost for the reputation of the company, which is more likely to be reported than a setback.

In the survey period, other studies about entrepreneurs were conducted. If questions also concerned exports, they were used as a comparison to the present study, e.g.

- Online survey “Trade agreements” and
- Focus group and online survey “Standortdialog”, “location dialog”.

The measures on the location dialogue were dealt with as part of an online survey and focus groups at three different locations in the district Burgenland. Exports were not the main focus of these groups.

The three focus groups raised the following points concerning exports:

- Improvement of the equipment train would be important, too few special wagons for grain at ÖBB, the Austrian railway company, therefore need to transport by truck on the road
- Infrastructure to get to the airport must be better, with a direct connection to Burgenland - airport has to be built up, detour via Vienna is to be dropped
- One has to look beyond the boundaries; Burgenland’s economy must be cosmopolitan, not just focused on regional issues.

In the online survey of the campaign “Standortdialog”, 42% of respondents stated that they plan to enter new business areas or new geographic markets in the coming years (a total of 143 participants). Of those who are entering new fields of business or new geographic markets in the next few years, 38% think they will be supported by subsidy programmes of the country. The replies suggest that subsidies are not linked directly to investments nor are they a prerequisite for this.

Two-thirds plan investment (named by 18 respondents), while one-third (9) of those who are entering new business areas or new geographic markets in the coming years do not plan to invest. Those who want to enter a new business or market plan expansion investments (19).

The result of this online survey shows that exporters are more optimistic than non-exporters. More exporters indicated their turnover to be rising over the past three years (15%); within the non-exporters it was only 11%.

15% of the non-exporters said that their turnover in the last year was stable, but this was the case for only 9% of the exporters. The same percentage of exporters and non-exporters complained of falling revenue (3%).

The results of these surveys were used to create a comparison and to examine the answers in a different context.

At the end of the study, the results in general were presented, evaluated and discussed with the committee of the professional association of foreign trade in order to evaluate the results and make them available for the practical implementation of measures resulting therefrom.

With the results having been presented in detail in the previous chapter, the results of the hypothesis-testing and associated correlations are described below.

### **Hypothesis 1. Exporting to neighbouring markets is seen as the first step in foreign trade.**

Do entrepreneurs prefer to start exporting to neighbouring markets, only expanding to markets that are more distant later? On the other hand, do entrepreneurs see at the outset no additional risk in tackling more markets that are distant?

35.7% of the interviewed entrepreneurs are of the opinion that it is easier to be successful in a neighbouring market. Most (64.3%) are engaged in the export market of Germany, followed by the Netherlands 45.2%, Belgium and Hungary 38.1%. The focus in this survey was on Burgenland's entrepreneurs. The definition of the neighbouring markets is out of focus, as it is open whether the geographical neighbouring markets of Burgenland, Slovakia, Hungary and Slovenia, or the bordering countries of Austria, e.g. the main export partner Germany or Italy, were meant.

From the third group of respondents, the surveyed members of the professional association of foreign trade, 7.7% think it easier to establish a trading relationship in a neighbouring country. Reporting the markets they are already exporting to, 84.6% state that they export to Croatia and Slovenia, followed by Hungary and Slovakia (76.9%). Of the more distant markets, 46.2% of the respondents have business relationships in China. The opinion in the final focus group - the members of the professional association of foreign trade - was that entrepreneurs believe that every market and industry has its own specific challenges.

The trade delegates see this as very ambivalent: 53.6% of trade commissioners agreed with the statement that it is easier to be successful in a market in neighbouring countries, 46.4% disagreed.

In general: The hypothesis must be rejected because there are significant differences in the results for each group. The trade commissioners are ambivalent about the the destination market in terms of

market entry. On the other hand, more than half of the entrepreneurs, especially the members of the professional association of foreign trade do not find it easier to succeed first in a market in neighbouring countries.

The study has shown that, according to the respondents, an export business venture is not considered to be more or less likely to be successful if it is not in a neighbouring country. For the future of exports, it is very important that export markets in other countries with high economic growth are also being pursued.

This is especially important with regard to rapidly growing markets. According to the experts (Außenwirtschaft, 2016, 10), there are still many opportunities in overseas markets which have not been worked on or only to a small extent by the exporters. The hotspots for export-oriented companies are located in Asia and America. The Transpacific Area is the new force of the global economy. However, for a country with a manageable internal market, globalisation requires a stronger focus beyond the borders of the country, not only in the neighbouring countries, but above all because of the shift of the global economic centres into overseas markets. Austrian firms should actively engage in those regions, which are better off in economic terms than the European economic area. As a result, Austrian export promotion programmes are also an overseas priority.

According to Aussenwirtschaft Austria (2018) in 2017, the largest export increases of Austrian exports were achieved in Korea (+51%), France (+ 31%), Brazil (+ 26%), Mexico (+ 17%) and Canada (+17%). As a result, the opportunities in these countries are very good for the export industry, but this is also dependent on the branch.

Asked about the markets in which the entrepreneurs would like to export or invest, 64% of the them want to enter or invest in the German market, 45% in the Dutch market, 38% in Belgium, 35% in the Czech Republic, 33% in Slovenia and Slovakia, 31% in North America, 28% in China and 26% in Russia or others countries in the Asian market, 19% in France (Own survey 2015). The desired destinations targeted of Burgenland's exporters in 2015 are only partially in line with the export countries listed in 2018 with high growth rates for Austrian products.

## **Hypothesis 2. Entrepreneurs recognise globalisation an opportunity for the export business.**

The export economy is driving globalisation, and the trend towards regionalisation is countering this. Do the entrepreneurs feel this? Does it have an impact on export activity?

A look at this question is important because the trend towards consumption of regional products can influence the growth of export markets. The fact that there is a tension between regionalisation and globalisation in a lot of countries over the world is shown by a survey in January 2017 among the 110 foreign offices of the Austrian Economic Federal Chamber. 61.4% of 83 respondents affirmed that, there is a tension between globalisation and regionalisation, while 38.6 % disagreed.



Globalisation and regionalisation were also discussed in the expert interviews. An important question that was whether products are interchangeable or not. For example, the products of garlic and onion are standardised worldwide. The raw materials are purchased from all over the world, processed and exported internationally. However, this cannot be applied to all agricultural products. Wine is distinguished for example by a special “terroir” and is not interchangeable depending on the product category. The same is true for grain. Demanded varieties thrive best under the growing conditions that prevail in a particular region. They are not interchangeable.

On the other hand, consumption habits influence the export chances. Cider is often drunk in English-speaking countries. Trade is particularly great in these regions. On the other hand, cider is produced as a regional product in Eastern Austria, but the expansion of its consumption is only taking place gradually. The product itself has to become even more popular so that the consumption rises in the food retail sector and in food courts.

Entrepreneurs are aware that globalisation and regionalisation are counter-trends on international markets; the foreign trade experts in the online survey also confirm this. However, entrepreneurs feel affected by their business idea and offer. Consumer habits in the export markets have a great influence.

One example is the export of coloured muzzles, which can also be ordered online. The less it is stigmatised in the export country that dogs carry muzzles, the easier it is to enter the market. The product advantages are products are made to measure and the possibility for the dog owner to choose their favourite colour. An entrepreneur selling this product reported that in some European markets it is difficult to make sales, since wearing a muzzle for dogs is frowned upon. On the other hand, he serves distant markets in Asia, which are accessible to him through trade partners and online services.

The interviewed entrepreneurs recognise and value the opportunities offered by globalisation, especially in the field of communications, the Internet and transporting.

### **Hypothesis 3. Entrepreneurs evaluate the opportunities and risks of foreign trade as balanced.**

- The more countries entrepreneurs wish to export to, the more opportunities they see (a).
- The more information entrepreneurs know, the more opportunities they see (b).
- Entrepreneurs, who say that Austria is integrated well into the international economy due to its infrastructure, see higher opportunities for exports (c).
- Entrepreneurs who think Burgenland is lagging behind other regions in exports also assess the export chances as lower." (d).

How do the entrepreneurs rate the chances and the risks of exports?

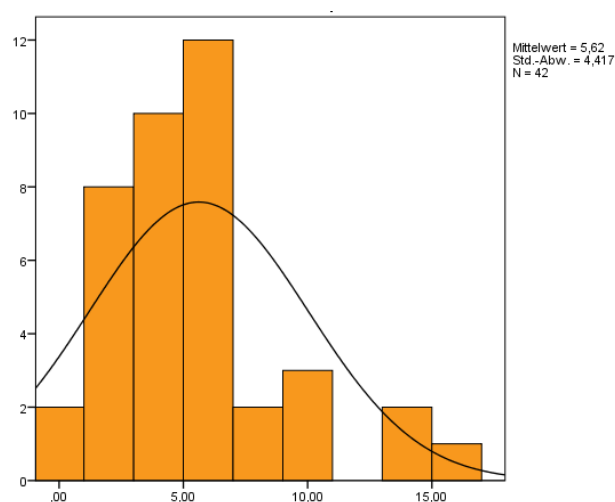


Figure 10: Histogram of the number of countries to which entrepreneurs want to export  
Source: online survey, entrepreneurs, 42 respondents, March 2015

Figure 10 shows that entrepreneurs tend to focus on a few export markets. The majority of the interviewed entrepreneurs focus around on five foreign countries.

Comparing the number of nominated exporting countries and the assessment of risks and opportunities, the following picture emerges:

Table 19: Correlation between the number of export countries mentioned and the rating of opportunities and risks in exports

		How do you rate the opportunities and risks of exports?
Number of mentioned export countries	Correlation Coefficient	0.278
	Sig. (1-tailed)	0.053
	N	35

Source: Own calculation, Online survey March 2015, entrepreneurs, n = 35, Spearman's rank correlation

The hypothesis assumes a direction: the more exporting countries entrepreneurs indicate, the more they see opportunities rather than risks. The calculation shows no significant correlation ( $p > 0.05$ ). The hypothesis must be rejected.

There is no link between the number of countries that entrepreneurs consider exporting to and the opportunities they see in exports. However, possibly if n was larger, a significant relationship could be found, because the p-value is close to 0.05.

It was also examined whether there is a link between the number of known information sources and the relative assessment of opportunity and risk.

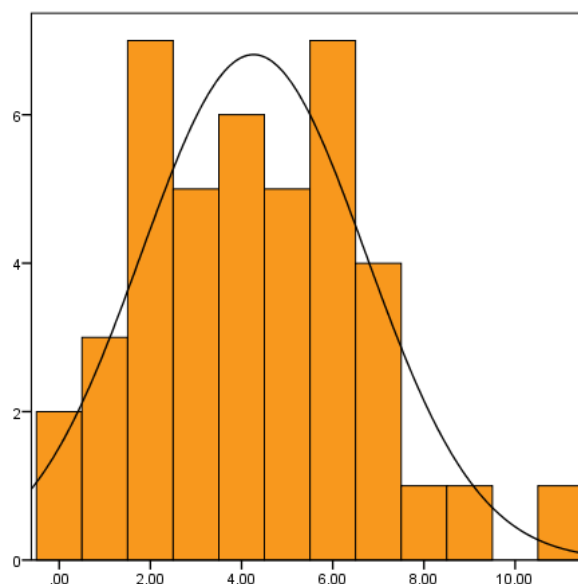


Figure 11: Histogram of the number of known information sources

Source: online survey, entrepreneurs, 42 respondents, March 2015

Figure 11 shows the number of known information sources of the interviewed entrepreneurs. The majority knows where to get information. On average, one knows about four sources of information.

Table 20: Correlation between the estimation of risks and opportunities for exports with the number of known information sources

		How do you rate the chances and the risks of export?	Number of known information sources
Number of known information sources	Pearson Correlation	0.098	1
	Sig. (1-tailed)	0.288	
	N	35	42

Source: Own calculation, Online survey March 2015, entrepreneurs, n = 42, correlation

The hypothesis “The more information entrepreneurs know, the more opportunities they see,” must be rejected. There is no significant correlation between the number of information sources and the prospects of opportunities ( $p > 0.05$ ).

The relationship between the assessment of risk and opportunities and the respondents’ view on the integration of Austria into international infrastructure is shown below.

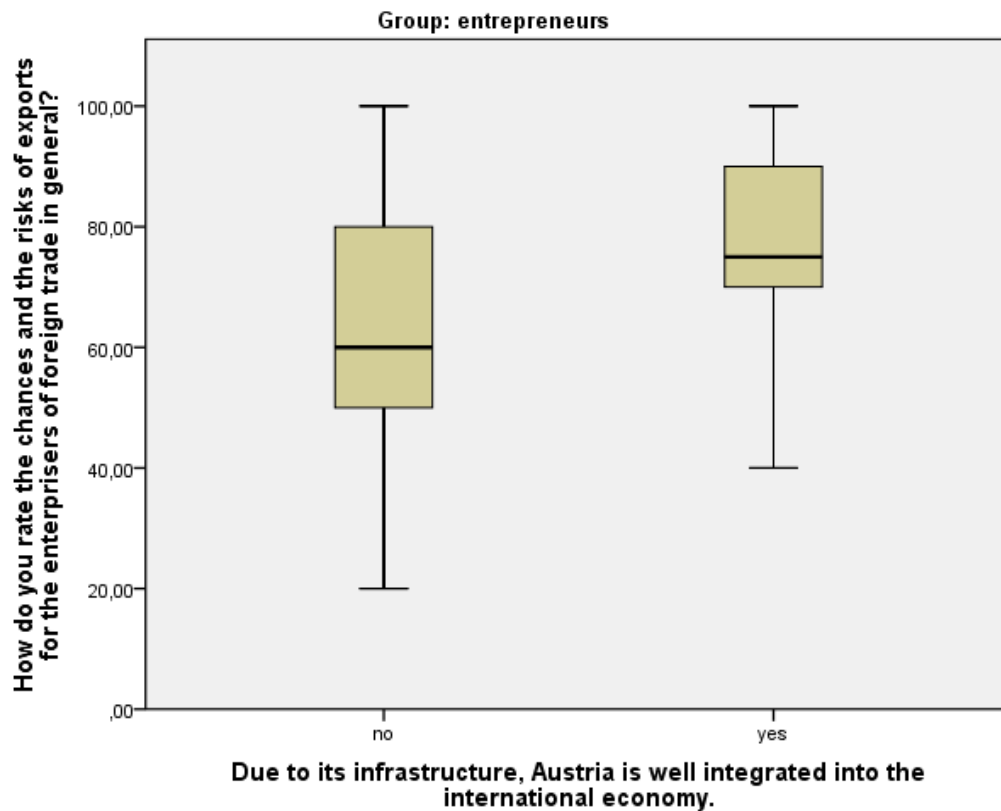


Figure 12: Box and whiskers chart of export opportunities and risks by those who think Austria is well integrated into the international economy and those who do not

Source: online survey, entrepreneurs, March 2015

Entrepreneurs who assume that “due to its infrastructure, Austria is well integrated into the international economy” rate the chances of exports higher. Figure 12 visualises the coherences. There seems to be a connection between the positive attitude and confidence in the domestic economy.

In table 21, the results of the detailed analysis are shown. The standard deviation is in the category of entrepreneurs who deny the statement “Due to its infrastructure, Austria is well integrated into the international economy” higher than in the category of the proponents. The assertions were tested on the 95% confidence level. Naturally, the minimum is lower in the category of those who deny the statement “Due to its infrastructure, Austria is well integrated into the international economy” than in the other category of the proponents. The skewness of distribution is -0.219 and the kurtosis is -0.967 in the category of those who refuse the statement and -0.467 (skewness of distribution) and 0.350 (kurtosis) in the category of the supporters.

Table 21: The link between the way entrepreneurs see Austria's integration into international economy and their rating of opportunities and risks

	Due to its infrastructure, Austria is well integrated into the international economy.			Statistic
How do you rate the opportunities and the risks of exports for entrepreneurs of foreign trade in general?	no	Mean		58.0000
		95% Confidence Interval for Mean	Lower Bound	47.9595
			Upper Bound	68.0405
		5% Trimmed Mean		57.8889
		Median		60.0000
		Variance		591.667
		Std. Deviation		24.32420
		Minimum		20.00
		Maximum		100.00
		Range		80.00
		Interquartile Range		40.00
		Skewness		-0.219
		Kurtosis		-0.967
	yes	Mean		76.0000
		95% Confidence Interval for Mean	Lower Bound	62.8526
			Upper Bound	89.1474
		5% Trimmed Mean		76.6667
		Median		75.0000
		Variance		337.778
		Std. Deviation		18.37873
		Minimum		40.00
		Maximum		100.00
		Range		60.00
		Interquartile Range		25.00
		Skewness		-0.467
		Kurtosis		0.350

Source: Own calculation, online survey, March 2015

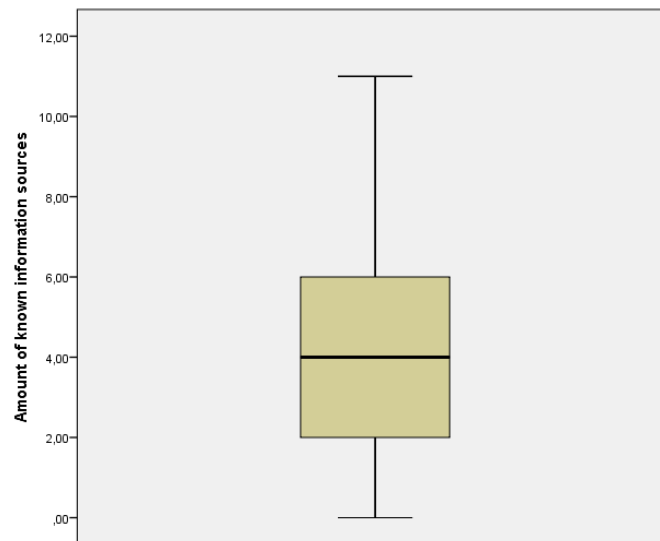


Figure 13: Amount of known information sources, 42 respondents, own online survey, March 2015

The graph in figure 13 shows amount of known information sources of the respondents. On the average, four sources are known. Figure 14 shows that the assessment of export opportunities in the group that agreed that Austria is integrated into the international economy is very high.

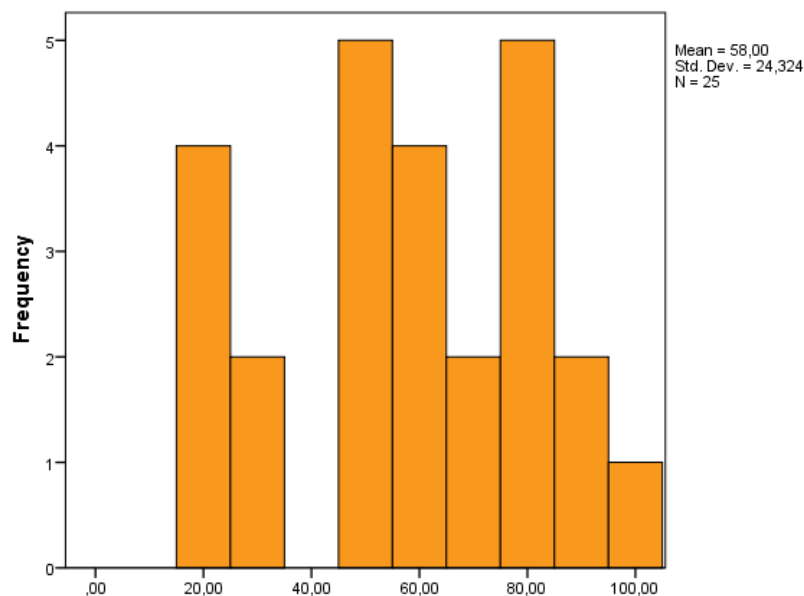


Figure 14: Assessment of opportunities in the group that agreed that Austria is integrated into the international economy. Source: own online survey, entrepreneurs, March 2015

Table 22: Mean and standard deviation concerning opinion to infrastructure, risks and chances

	Due to its infrastructure, Austria is well integrated into the international economy.	N	Mean	Std. Deviation
How do you rate the opportunities and risks of exports for entrepreneurs of foreign trade in general?	no	25	58	24.324
	yes	10	76	18.378

Source: Own calculation

In table 22 and the following, the results of the attitude concerning the statement “Due to its infrastructure, Austria is well integrated into the international economy” and the relationship to the estimation of chances and risks concerning export are tested. 25 respondents think that Austria is not well integrated, 10 participants think that the nations is well integrated in the national economy. From 0 to 100, the arithmetic mean is 58 among those who deny the statement, and 76 among those who agree. They are more optimistic about the opportunities.

Table 23: Independent Samples Test concerning the effect of opinion about infrastructure, on perception of risks and opportunities

		Levene's Test for Equality of Variances		t-test for Equality of Means
		F	Sig.	t
How do you rate the opportunities and risks of exports for entrepreneurs of foreign trade in general?	Equal variances assumed	1.478	0.233	-2.105
	Equal variances not assumed			-2.375

Source: Own calculation

Table 24: Test for equality of means concerning the effect of opinion about infrastructure, on perception of risks and opportunities

		t-test for Equality of Means		
		df	Sig. (2-tailed)	Mean Difference
How do you rate the opportunities and risks of exports for entrepreneurs of foreign trade in general?	Equal variances assumed	33	0.043	-18.00000
	Equal variances not assumed	21.983	0.027	-18.00000

Source: Own calculation

The equality of means concerning the effect of opinion is tested. The results show that entrepreneurs, who see Austria as integrated, see greater opportunities than entrepreneurs who consider Austria not to be integrated. It is to be assumed that entrepreneurs, who believe that Austria is internationally well-integrated, see better opportunities on the world market. The result is significant. When looking at the mean values, one sees that the “yes” group of entrepreneurs gives higher mean scores for opportunities than the “no” group.

The hypothesis is supported (Table 24). Entrepreneurs who believe that Austria is well integrated into the international economy also see more opportunities in exports.

And what about the catching-up process for the district’s economy?



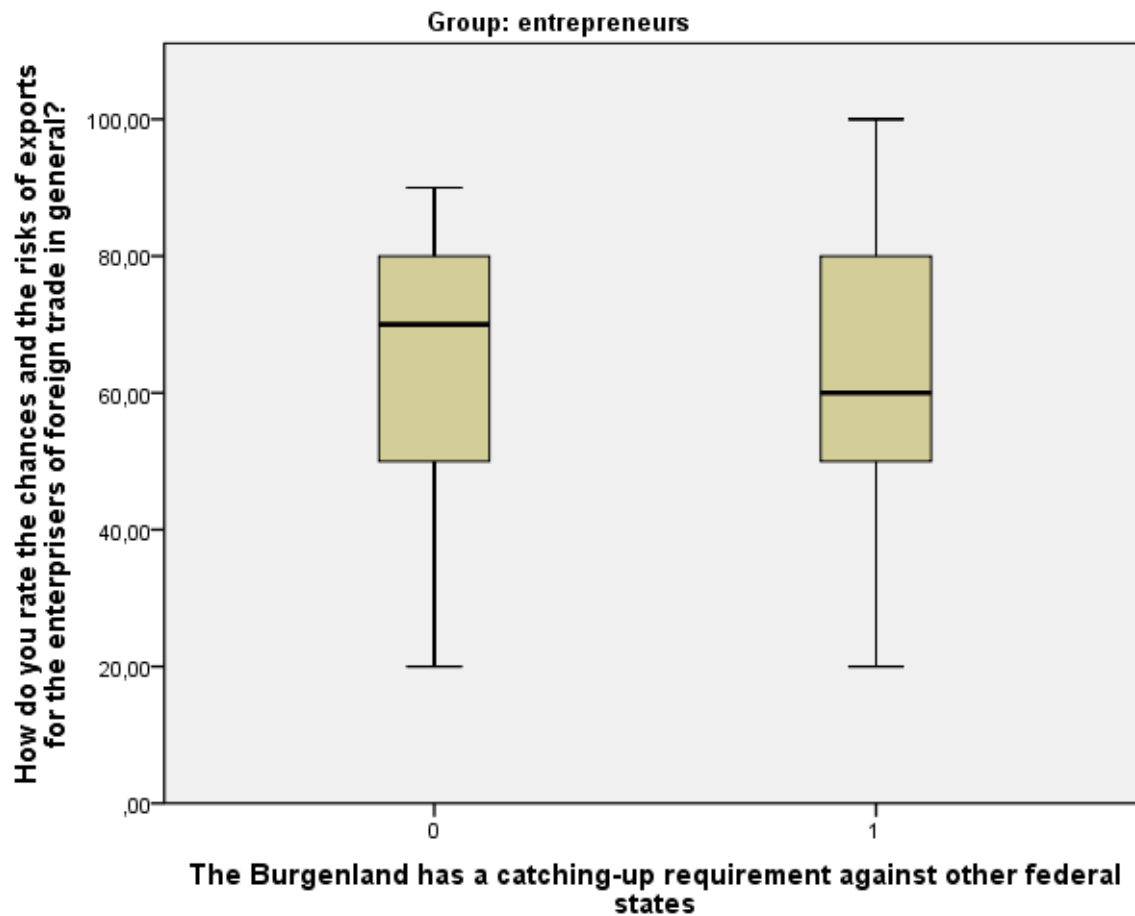


Figure 15: Attitudes towards the opportunities and risks of exports for those who think Burgenland is lagging behind other regions in exports. Source: Own calculation

Do these respondents also assess the export chances as lower? What is their attitude? The responses to the statement "Entrepreneurs who think Burgenland is lagging behind other regions in exports also assess the export chances as lower." have been tested.

Table 25: Descriptives: Burgenland in need of a catching-up process

	The Burgenland has a catching-up requirement against other federal states	Statistic
How do you rate the opportunities and risks of exports for entrepreneurs of foreign trade in general?	no	Mean
		61.2500
		95% Confidence Interval for Mean
		Lower Bound
		49.1184
		Upper Bound
		73.3816
		5% Trimmed Mean
		61.9444
		Median
		70.0000
		Variance
		518.333
		Std. Deviation
		22.7669
		Minimum
		20.00
		Maximum
		90.00
		Range
		70.00
		Interquartile Range
		30.00
		Skewness
		-0.679
		Kurtosis
		-0.537
	yes	Mean
		64.7368
		95% Confidence Interval for Mean
		Lower Bound
		52.4624
		Upper Bound
		77.0113
		5% Trimmed Mean
		65.2632
		Median
		60.0000
		Variance
		648.538
		Std. Deviation
		25.4664
		Minimum
		20.00
		Maximum
		100.00
		Range
		80.00
		Interquartile Range
		30.00
		Skewness
		-0.304
		Kurtosis
		-0.768

Source: Own calculation

In table 25, the results of the detailed analysis are shown. The standard deviation is in the category of entrepreneurs who deny the statement “The Burgenland has a catching-up requirement against other federal states” higher than in the category of the proponents. The assertions were tested on the 95% confidence level. The minimum is equal in the category of those who deny the statement “The Burgenland has a catching-up requirement against other federal states”, the maximum is 90 in the category of those who deny the statement and 100 in the category of the proponents. The skewness of distribution is -0.679 and the kurtosis is -0.537 in the category of those who refuse the statement and -0.304 (skewness of distribution) and -0.768 (kurtosis) in the category of the supporters.

Table 26: Tests of normality for Burgenland in catching-up process

	The Burgenland has a catching-up requirement against other federal states	Kolmogorov-Smirnov			Shapiro-Wilk
		Statistic	df	Sig.	Statistic
How do you rate the opportunities and risks of exports for entrepreneurs of foreign trade in general?	no	0.212	16	0.053	0.903
	yes	0.147	19	0.200	0.938

Source: Own calculation

The relations of the statements were tested with the Kolmogorov-Smirnov-Test and the Levene's Test for equality of variances.

Table 27: Group statistics: Mean and standard deviation Burgenland in catching-up process

	The Burgenland has a catching-up requirement against other federal states	N	Mean	Std. Deviation
How do you rate the opportunities and risks of exports for entrepreneurs of foreign trade in general?	no	16	61.250	22.766
	yes	19	64.736	25.466

Source: Own calculation

16 respondents (Mean 61.250, Standard deviation 22.766) deny the statement "The Burgenland has a catching-up requirement against other federal states, 19 agree (Mean 22.766, Standard deviation 25.466).

Table 28: Independent Samples Test opportunities and risks

		Levene's Test for equality of variances		t-test for Equality of means
		F	Sig.	t
How do you rate the opportunities and risks of exports for entrepreneurs of foreign trade in general?	Equal variances assumed	0.239	0.628	-0.423
	Equal variances not assumed			-0.427

Source: Own calculation

Table 29: Test for equality of means, chances and risks

		t-test for equality of means		
		df	Sig. (2-tailed)	Mean Difference
How do you rate the opportunities and risks of exports for entrepreneurs of foreign trade in general?	Equal variances assumed	33	0.675	-3.48684
	Equal variances not assumed	32.861	0.672	-3.48684

Source: Own calculation

Entrepreneurs who think that Burgenland has a catching-up requirement see fewer opportunities on average, but the test is not significant. The test for equality shows: The hypothesis must be rejected.

#### **Hypothesis 4. Entrepreneurs perceive bureaucracy, taxes and duties as aggravating the export business.**

- Entrepreneurs and trade commissioners differ in evaluating the importance of support in legal matters.
- Entrepreneurs and trade commissioners differ in evaluating the importance of political stability.
- Delegates consider the political situation as an influencing factor for export as significantly more important than the surveyed entrepreneurs do.

Table 30: Political stability in target market and support in legal matters

		Political stability in the target market	Support in legal matters
N	Valid	84	84
	Missing	0	0
Median		2.00	1.00
Minimum		1	1
Maximum		4	3

Source: Own calculation

The variables are strictly ordinal scaled, only the median can be taken as a guideline.

Table 31: Statistics – Assessment political stability and support in legal matters

		Political stability in the target market	Support in legal matters
N	Valid	42	42
	Missing	0	0
Median		2.00	1.00
Minimum		1	1
Maximum		3	4

Source: Own calculation

Table 32: Ranked importance of support in legal matters and political stability for delegates and entrepreneurs

	Group	N	Mean Rank	Sum of Ranks
Support in legal matters	Delegates	84	60.58	5088.50
	Entrepreneurs	42	69.35	2912.50
	Total	126		
Political stability in the target market	Delegates	84	73.26	6153.50
	Entrepreneurs	42	43.99	1847.50
	Total	126		

Source: Own calculation

Due to the ordinaly-scaled data the Mann-Whitney test is used as a test for differences (alpha-level 0.05 since it is a two-sided test).

Table 33: Mann-Whitney U test for importance of support in legal matters and political stability, delegates vs entrepreneurs

	Support in legal matters	Political stability in the target market
Mann-Whitney U	1518.500	944.500
Wilcoxon W	5088.500	1847.500
Z	-1.485	-4.571
Asymp. Sig. (2-tailed)	0.138	0.000

Source: Own calculation

Hypothesis: there is a difference between entrepreneurs and delegates in the assessment of the importance of legal support. Result: No significant difference. Hypothesis cannot be accepted.

Hypothesis: there is a difference between entrepreneurs and delegates in the assessment of the importance of the political situation. Result: Significant difference. For interpretation, one looks at the “mean ranks”, which shows that the delegates consider the political situation to be significantly more important than the entrepreneurs do.

**Hypothesis 5. Successful exporting entrepreneurs are pioneers and, as such, are perceived as role models by other companies.**

In the online questionnaire of Burgenland entrepreneurs and members of foreign trade, it was asked whether they were motivated by the existence of successful pioneers in exports.

This question was given an average score among entrepreneurs of 2.71 (1 very important, 2 important, 3 less important, 4 rather unimportant, 5 unimportant) (fluctuation width 0.93). The foreign traders gave an average score of 2.77 (range of fluctuation 1.09).

The trade commissioners gave an average score of 2.86 (range of fluctuation 0.88).

All three groups surveyed rated the existence of “Successful Pioneers” as the least motivating suggested drivers for export business. The existence of successful pioneers was ranked in last place in all surveys, as the least effective factor among those suggested.

This clear result was also incorporated into the expert interviews and discussed in the focus group to be confirmed. Successful pioneers are - according to the opinions in these surveys - a motivating factor only if they are in business relations with the interviewees and new business opportunities result from the success of the partner. The presentation of successful entrepreneurs in the media is not a motivation factor for the export business. The hypothesis must be rejected if one considers the role model effect in the broader sense, as for example concerning the announcement of export prices, where special achievements are distinguished. On the other hand, the study asserted that successful exporters open up export opportunities for other entrepreneurs and enable them to gain business partners for foreign business. Following this consideration, the hypothesis must be approved.

**Hypothesis 6. Lack of government funding is seen as an obstacle to the export economy.**

- Trade commissioners evaluate funding programmes more importantly than the relationship network in the target market.
- Delegates classify risk more important than promotion programmes.

Table 34: Statistics for trade commissioners' opinions about subsidy programmes and networks of affiliates

		Subsidy programme	Network of affiliates in the target market
N	Valid	84	84
	Missing	0	0
Median		2.00	1.00
Minimum		1	1
Maximum		4	4

Source: Own calculation

The Median of the answers is 2 for the item “Subsidy programme” and 1 for the item “Network of affiliates in the target market (Table 34). Cumulative 63.1 %

Table 35: Frequency table for trade commissioners' opinions about subsidy programmes

		Frequency	%	Valid %	Cumulative %
Valid	1	11	13.1	13.1	13.1
	2	42	50.0	50.0	63.1
	3	19	22.6	22.6	85.7
	4	12	14.3	14.3	100.0
	Total	84	100.0	100.0	

Source: Own calculation

Table 36: Frequency table for trade commissioners' opinions about networks of affiliates in the target market

		Frequency	%	Valid %	Cumulative %
Valid	1	48	57.1	57.1	57.1
	2	27	32.1	32.1	89.3
	3	8	9.5	9.5	98.8
	4	1	1.2	1.2	100.0
	Total	84	100.0	100.0	

Source: Own calculation

Table 37: Descriptive Statistics for trade commissioners's opinions about subsidy programmes and networks of affiliates in the target market

	N	Mean	Std. Deviation	Minimum	Maximum
Subsidy programme	84	2.38	0.890	1	4
Network of affiliates in the target market	84	1.55	0.718	1	4

Source: Own calculation

Table 38: Wilcoxon Signed Ranks Test for trade commissioners' opinions about subsidy programmes and networks of affiliates in the target market

		N	Mean Rank	Sum of Ranks
Network of affiliates in the target market - Subsidy programme	Negative Ranks	52	33.18	1725.50
	Positive Ranks	10	22.75	227.50
	Ties	22		
	Total	84		

Source: Own calculation

- a. Group = Delegates
- b. Network of affiliates in the target market < Subsidy programme
- c. Network of affiliates in the target market > Subsidy programme
- d. Network of affiliates in the target market = Subsidy programme

Table 39: Test statistics trade commissioners' opinion to network of affiliates in the target market

	Network of affiliates in the target market - Subsidy programme
Z	-5.431
Asymp. Sig. (2-tailed)	0.000

Source: Own calculation

Because of the ordinal scaling of the data, a Wilcoxon test is used, the data are dependent and not independent - therefore t-test or Mann Whitney is not suitable.

The hypothesis is that the delegates classify subsidy programmes as more important than the relationship network. In the Mean Ranks, it is seen that the subsidy programmes are significantly more important.

Furthermore, it was also examined whether delegates classify risks as more important than promotion programmes.



Table 40: Frequencies for trade delegates' attitudes  
to hedging exchange rate risks and subsidy programmes

		Hedge against exchange rate risks	Subsidy programme
N	Valid	84	84
	Missing	0	0
Median		2.00	2.00
Minimum		1	1
Maximum		5	4

Source: Own calculation

Table 41: Frequency table trade commissioners' views on hedging against exchange rate risks

		Frequency	%	Valid %	Cumulative %
Valid	1	10	11.9	11.9	11.9
	2	46	54.8	54.8	66.7
	3	21	25.0	25.0	91.7
	4	6	7.1	7.1	98.8
	5	1	1.2	1.2	100.0
	Total	84	100.0	100.0	

Source: Own calculation

Table 42: Frequency table for trade commissioners' views on subsidy programmes

		Frequency	%	Valid %	Cumulative %
Valid	1	11	13.1	13.1	13.1
	2	42	50.0	50.0	63.1
	3	19	22.6	22.6	85.7
	4	12	14.3	14.3	100.0
	Total	84	100.0	100.0	

Source: Own calculation

The majority of the trade commissioners rank the importance of subsidy programmes to engage in export as “important”, that is the half of the respondents. 63.1% assess the importance of subsidy programmes as “very important” or “important”.

Comparing the items “Hedge against exchange rates” and “Subsidy programmes” the arithmetic mean is very close, 2.31 for the hedge and 2.38 for subsidy programmes. The statements are evaluated with the Wilcoxon signed-rank test.

Table 43: Frequency table for trade commissioners' attitudes to hedging against exchange rate risks and subsidy programmes

	N	Mean	Std. Deviation	Minimum	Maximum
Hedge against exchange rate risks	84	2.31	0.821	1	5
Subsidy programme	84	2.38	0.890	1	4

Source: Own calculation

Table 44: Wilcoxon signed-rank test for trade commissioners' attitudes to hedging against exchange rate risks and subsidy programmes

		N	Mean Rank	Sum of Ranks
Subsidy programme - Hedge against exchange rate risks	Negative Ranks	18	19.00	342.00
	Positive Ranks	21	20.86	438.00
	Ties	45		
	Total	84		

Source: Own calculation

Group = Delegates

Subsidy programme < Hedge against exchange rate risks

Subsidy programme > Hedge against exchange rate risks

Subsidy programme = Hedge against exchange rate risks

Table 45: Test Statistics for trade commissioners' attitudes to hedging against exchange rate risks and subsidy programmes

	Subsidy programme - Hedge against exchange rate risks
Z	-0.697
Asymp. Sig. (2-tailed)	0.486

Source: Own calculation

Hypothesis: Trade delegates consider currency hedging as more important than the promotion programmes. Table 45 shows no significant difference. The hypothesis can not be accepted.

According to Bernard & Jensen (2001, p. 20), state government export promotion has no noticeable effect on export rates. Even in the expert interviews of the entrepreneurs, grants were not given any direct, great importance as a motivation for exporting (Appendix H).

## 6. DISCUSSION

The economy of the Austrian district of Burgenland was the focus of this study. As a former Objective 1-Region of the European Union, the economy of this district acts under special conditions. It is important to consider whether the study results obtained are also applicable to other Objective 1-Regions under the same conditions of competition. It would also be interesting to see whether similar results are obtained for other regions that do not benefit from specific support programmes.

### 6.1. Principles

57.1% of the interviewed entrepreneurs (online survey, 42 respondents) are active in the field of trade, 35.7% of the respondents of the interviewed entrepreneurs operate in the branch business and craft, 14.3% are industrial plants or belong to the branch Information and Consulting, 2.4% are in tourism business. 22 of the interviewed companies are micro-enterprises (2 of them are one-person companies), 18 small businesses and 2 medium-sized enterprises. Entrepreneurs from each district were represented. The focus was in the state capital.

30% of the interviewed members of the division of foreign trade (online survey, 13 respondents) have the main focus of their business activity in trade, 20% of the respondents of the interviewed foreign traders operate mainly in the branch business and craft, 20% belong to the branch Information and Consulting, 20% are in tourism business, 10% are industry plants and 10% operate in agricultural business. 8 of the interviewed companies are micro-enterprises (2 of them are one-person companies), 5 belong to the category small businesses. Entrepreneurs from each district were represented. 23% are mainly engaged in import. 31% are also active in business areas other than foreign trade.

### 6.2. Suggestions

Further studies will be necessary to answer the following questions:

- Are the results also applicable to other regions or countries? (regional, geographical aspects)
- How much do the findings depend on economic conditions?
- What is the situation in times of recession?
- How will conditions change in future years and how will this influence the attitude of entrepreneurs? (time sequence)

Other countries have different economic characteristics and develop in their own dynamic way. The question is, are the study results also valid for other countries, comparatively in developing countries or in emerging markets?

- How will the further development of the world economy affect things? (aspects of interdependence)
- How do trends in the future, such as digitalisation, influence attitudes towards exporting? (development aspects, forecast)
- Do entrepreneurs in other countries have different needs for their entrepreneurial commitment? Do entrepreneurs have the same needs to start exporting? (cultural aspects)

Due to increasing globalisation and the democratisation of travel, there is obviously a shift in psychological distance. It is questionable to what extent the changing travel behaviour affects export

volumes and the composition of the exported goods, especially in view of the demographic change of society and the expected trends of the consumers of tomorrow (e.g. emphasis on sustainability of consumer items in relation to international value chains).

Furthermore: Fraudsters are targeting exporters. Does this affect the image of exports? The confidence of entrepreneurs is damaged when the media report stories about attempts to defraud exporting foreign companies. The question is: do such incidents influence the attitudes of entrepreneurs towards beginning exporting?

Information in general, counselling and information services are an important part of the export process, as studies have shown in the past (Aharoni, 1966; Johanson & Vahlne, 1977). In this context, which effects can be achieved with efficient knowledge management and what requirements are necessary to enable efficient knowledge management for companies should also be examined. A further study should clarify whether and to what extent an improvement of the information level would encourage entrepreneurs to export.

In this study, the circumstances concerning the export of goods were investigated. Nevertheless are the results also applicable to service and knowledge exports? (Transferability of results)

Study results confirm that the exclusion of imports and the singular focus of many past studies on just the role of exports as the engine of growth may be misleading or at best incomplete (Awokuse, 2008, 18). There is a feedback effect between exports output growth and imports output growth (Ramos, 2001, 613). It may be useful to extend the analytical framework used in this study to the topic of import to show the relation concerning the attitude of entrepreneurs concerning import and export. Are entrepreneurs who are active in import business more open to export? Does this circumstance change the attitude or the behaviour in the export business?

The study was carried out independently of company culture by focusing on the individuals and the attitudes. According to Loisch (2007), the adaptability, the mission and the involvement in the organisation-cultural framework of companies influences the export rate. The interdependencies with the results of this study deserve a separate consideration.

The proportion of entrepreneurs with a migrant background is growing steadily in Austria.

Andrews, Schank and Upward (2017) showed that even foreign workers have an effect on export. Foreign workers reduce firms' trade costs and thus increase the probability that firms export. They found "a significant effect of worker nationality on exporting which is not driven by the industrial, occupational or locational concentration of migrants. The effect is much stronger for senior occupations, which are more likely to have a role in exporting decisions by the establishment."

One of the two companies, which were accompanied during the study, moved their location to a conurbation at the end of the study period. Further studies are to be carried out to determine whether foreign companies' outsourcing affects their mobility, i.e. whether companies that are successful in export are more likely to migrate to large cities. In examining the mobility flows of successful export

companies, the focus will be placed on the sector and the form of the company, whether commercial or production.

Service exports are of growing importance. In further studies, it is to be clarified whether the assumptions made in this study apply to both goods exporters and service exporters. At 55.7 billion euro (15.5 billion euro tourism, 40.2 billion euro further services), the service exports also increased compared 2016 to the previous year. In the comparable period, goods worth 128.9 billion euros were exported. (Pesendorfer, Leitner, 2017, p. 21-22)

Further studies will also analyse the motifs leading to the exit from the export business. An increase in the survival rate of new export relations would be conceivable if the reasons for the failure were found. (Stöllinger, 2015, p. 9)

### **6.3. Pro - Confirmation of results from the literature**

Al Halbusi and Tehseen (2018, p. 33) analysed the the importance of the behavioural approach to decision-making concerning Foreign Direct Investments. The present study shows, that their results are also transferable to foreign trade decisions. The factors and the process of decision-making are important:

- Firstly, because of the nature of the decision problem,
- Secondly from the uniqueness of global strategy compared to their larger counterparts,
- Thirdly the influence of the decision-making environment.

Oortwijn (2012) summarises in her studies that the local partner plays a crucial role in entry-level selection. In her view, this is an influencing factor, which has been largely ignored by scientists so far. The present study is a contribution to fill this gap. The results show that establishing relations to local partners is very important to affilliable business contacts, especially in the export area.

Ruzzier, Antoncic, Hisrich and Konecnik (2007, p. 26) concluded after an investigation by Slovenian companies that the rapid globalisation of markets requires that certain firms compete internationally, virtually from the outset. This is also confirmed in the present study of Burgenland's entrepreneurs.

### **6.4. Contra – rejection of results so far**

The current study has shown that theories that were previously valid, such as the simplified start of export efforts in a neighbouring country as described in the Uppsala model, must be discarded in times of globalisation.

The research has also shown that the opinion and attitude of respondents on certain export-related topics is not guided by objective criteria and that attitudes are always the subjective view of a situation or a problem. A circumstance that is especially important when it comes to motivating new exporters or entering new markets.

Morosini, Shane and Singh (1988, p. 137) describe how firm age and size relate to increasing commitment in foreign entry. Their findings suggest that researchers and practitioners should incorporate national cultural distance into cross-border acquisition decision-making and research. The present study shows that in times of the Internet and globalisation cultural and spatial distances are no longer perceived as obstacles of entrepreneurs to the same extent as a few decades ago.

Regard to the studies of Sousa and Bradley (2006) who showed that “cultural distance and psychic distance are both concepts are conceptually different. Psychic distance is determined by cultural distance and the individual values of the managers” – Based on the results of the study, the concept can be accepted, but the perception of cultural differences is changing in times of democratisation of travel and the spread of the Internet.

Groke & Kreidle (1967, p. 7) more than five decades ago. Already at that time, they found that foreign market information is one of the most important factors in successful exporting. The company officials stressed a very real need for specialised information about export marketing, such as shipping, credit extension, documentation and product adaption data. How and where to get this information was unclear to quite a number of people. The present study has shown that there is still a great need for information. Nowadays, entrepreneurs have easier access to the information and know where to find it. Thus, the importance of the information offer is estimated very important (61.9%). The sources of information are the Newsletter of Foreign Trade Austria and the Internet, followed by newspapers, shows the online survey among Burgenland's entrepreneurs.

## 7. CONCLUSION AND RECOMMENDATIONS FOR ACTION

This work was intended to provide recommendations for institutions, politicians and companies to promote export growth.

Measures will only be effective if information and knowledge gaps can be closed, an issue that concerns knowledge of service and consulting offers, information about possible target markets and the communication of intercultural skills. Direct contacts are of particular importance for export promotion, whether by business partners or central authorities.

A change in economic structure entails changes in export behaviour. If one focuses on entrepreneurial personality – as shown in this study – to increase export volume it is of particular importance to put measures in place in the area of the structure and content of service and consulting offerings, as well as in the field of knowledge management and by directly targeting potential or already successful exporters.

Non-exporters consider entry into foreign markets especially if information about the target market, and ways of exporting are made available from institutional or private level and when opportunities for finding new business partners are offered.

The following factors are beneficial for exporting companies concerning the volume of export and the intensity of the export relationship, when entrepreneurs offer their business partners the opportunity to work together with them on international markets.

### **Overview of suggested measures to support businesses:**

- Promoting contact between exporters and non-exporters
- Promoting distant markets, outside of the EU
- One-stop-shop for exports
- Export coaching / export coaches / developing a personal contact list of potential exporters
- Personal assistance and support
- Look out for synergies, e.g. sell wine and water

### **Measures to develop the structure of the regional economy:**

- Funding business settlements
- Analysis of the potential of possible exporters
- Acquisition of potential exporters
- Encouraging traditional companies
- Support for networking of business partners

In general, it may be said knowledge and networks are the key components for SMEs. Studies in other countries also come to this conclusion. This quotation from a Thai study summarises what is likely to apply to all international markets concerning knowledge:

*“Even though they have a lack of knowledge in the beginning of their export activities, they should obtain it in order to increase involvement in foreign markets. Knowledge leads SMEs*

*to get more experience in foreign markets and commit more resources to their export activities. Therefore, they can become more successful with their business. We perceive that without a business network it is impossible to exist in foreign markets. SMEs would not be able to expand their foreign activities without a business network.”*

(Siawsurat *et al.*, 2011, p. 66)

*“There is already a wide range of information available on exporting and export-destinations, which is particularly important, but the present study shows the need to make this knowledge available at a single location and to be individually applicable. Particular emphasis is also placed on human contact, since it is often an important prerequisite for successful, economic success.”* (Granabetter, 2017b)

One important result of this study is that the influence of political framework conditions is evaluated in a varying way. Entrepreneurs feel affected by media reports about political events and trade agreements, once as consumers and again as entrepreneurs. This should be considered in information and communication. Patience and a long-term perspective are important to be successful in the long term, as well as good preparation and strategy. Entrepreneurs must be aware of this.

It must also not be overseen, that the provision of temporal and financial resources is necessary. Potential exporters must leave the office. It is necessary to know the specifics of the export market. Export does not happen by accident. Financial and human resources must be built up in the company.

A trade delegate of a foreign trade centre replied to a request for advice with a quotation from the Old Testament: “Don’t fear, because I am with you” (Isaiah 41:10).

A worthy proposition – entrepreneurs can be confident that they will gain support in their efforts to conquer foreign markets. They must be encouraged to go to foreign markets and accept the offered support. They need to be prepared to take risks.

Without any doubt, in order to implement these plans, financing is an important issue. The establishment of a regional service institution costs money, as does the promotion of network meetings or the exchange of information, both online and offline.

This study shows that the entrepreneurs towards sustainable business connections are neglecting the financing of these measures. With regard to communication, it is recommended that the focus is placed on the content of information. Entrepreneurs are aware that the export business creates new opportunities that surpass the risks. As has been shown in this study, a coherent strategy is often lacking. Sustainable networks can be the starting point for the start or expansion of an export business. In the literature, there are increasing numbers of studies advocating deepening studies for the establishment of networks.

Misner, Hilliard & Alexander (2010, p. 2) divide different systems where networkers gather, e.g. the Chamber of Commerce for casual contacts, Business Associations for casual or strong contacts,



Service Clubs for strong contacts and social networks for business for online contacts. In their study, they show that referrals are important components of networks.

From the entrepreneurs' point of view, the following stages of the referral process are evident: discovering a referral, research the referral, checking back in with referral source, meeting the referral, reporting back to referral, the source gets feedback from the referral, the source reports back to entrepreneurs, and finally the deal is closed (Misner *et al.*, 2010, p. 4).

One aim of this study is to search for measures to improve the offers for entrepreneurs concerning representations of interests, e.g. the Austrian Economic Chamber. This study shows that trust-building measures are particularly motivating for exports. Better networking, beyond providing services, can be a first step in establishing business relationships abroad.

Misner *et al.* (2010) delve into business networking. Ivan Misner is the founder and chairman of the business networking organization BNI, which recently settled down in Austria.

*“Getting business by person-to-person referral sounds like something that used to happen when my great-grandfather was selling horse-drawn buggies. Why should I waste my time on a marketing method that’s generations out of date?”* ask Misner *et al.* (2010, p. 15) provocatively.

As this study shows, the personal business contact still plays an important role in confidence building in the process of business initiation, even in the age of digitalisation. Even if production and business processes are changed by means of digitalisation and robot applications, the entrepreneur as the human being is at the core of the decisions. Financial support can contribute to the building, existence and expansion of networks. This study shows that investing in trust-building measures in entrepreneurs is a way of raising awareness that their commitment is likely to be successful. Confidence-building measures relate mainly to the home country, as the influence of the political situation in the target markets is less likely to be borne by entrepreneurs, for example in comparison with the opinion of the trade commissioners who live and work in the export country.

*“In times of globalisation, companies are in international competition. They are increasingly linked by the value chain. Efficient and forward-looking strategies based on solid information and comprehensive knowledge are needed. The human factor, however, remains the focus. Knowledge about the processes of the global markets has to be provided centrally at the national level. Even in times of globalisation and digitisation, people are at the centre of business processes. Successful business relations require a reliable business partner. They are the ones that make exporting possible or help to expand it further (Granabetter, 2017b).”*

As a conclusion of her study, Köstner recommends the exchange of experiences with people who already have experience with the export country concerned in order to find out about the general circumstances of life, the cultural differences to the home country and the problems that arise. She

also recommends co-operation with other companies from a psychologically distanced export country to reduce the psychological distance. Both recommendations can also be underlined as a result of the present study. The same applies to their recommendation to entrepreneurs to participate in international trade fairs as a cost-effective variant of new customer acquisition.

It also considers that foreign stays are necessary to reduce the psychological distance to the export country. The so called “Economic mission journeys” offer efficient possibilities for interested entrepreneurs.

The present study also shows that measures are needed to reduce the psychological distance to export markets. Self-awareness concerning the economic performance of their own firm and the nation’s economy in general encourage entrepreneurs to start in new markets abroad. This, however, is counteracted by negative reports such as, for example, on trade agreements, even if the entrepreneur feels - primarily because of their psychological distance from the export country – like a consumer rather than a business owner.

“However, in order to increase the competitiveness of Austria, the policy is required to develop the Austrian location dynamically and with a clear strategy in order to secure and expand the comparative advantages of Austria. Against the backdrop of growing international competition and constantly changing (production) conditions, domestic companies are dependent on competitive and predictable location factors as well as an improved investment environment. Above all, investments to increase productivity and to reduce the burden on labour are urgently necessary to prevent an excessive increase in unit labour costs,” states the Foreign Economic Department of the Austrian Economic Chamber (2016).

### **Empirical findings at a glance:**

- Entrepreneurs who are aware that their nation is well integrated into the international economy are more optimistic about the export business.
- This study has shown that entrepreneurs who are engaged in exports are more optimistic about their economic future. This is also the result of investigations carried out over the same period with the same target group (Economic Barometer 2017, Location Dialogue 2016).
- The tension between globalisation and regionalisation can be observed in many countries of the world.
- Entrepreneurs do not consider the political situation as an influencing factor for exports to the same extent that trade commissioners do.
- Above all, when entrepreneurs gain their knowledge from mass media, they are more likely to be affected by changing political situations in neighbouring countries or trade agreements as a private person.
- Entrepreneurs who are already active in the export business see opportunities for further internationalisation and have a disposition to establish new offices with their business partners abroad.
- Trust in business partners and the opportunities created by them in the export business are important key factors for the acquisition of new exporters and the expansion of the export business.

- There is less emphasis on direct promotion programmes for entrepreneurs. Trade commissioners also attach greater importance to other issues, such as currency hedging. This topic is considered more important by the delegates than promotion programmes.

The analysis of the mechanisms is important, since the effects of growing or declining export participation are not isolated. Developments also have direct or indirect effects, such as the labor market. The spill-over effects of trade policy in one sector to jobs in other sectors have become more important over time. The labour market consequences of the increased interconnectedness of countries and sectors through global supply chains, suggesting that trade policy can have significant external effects on foreign labour markets. (Kühn, Viegelahn, 2017)

According to the Austrian Institute of Economic Research (WIFO, 2017), the Austrian GDP grew by 0.6 % in the first quarter of 2017 compared to the previous period. This has accelerated the economy since the middle of 2016. Compared with the previous year, the unadjusted GDP was expanded by 2.0 per cent. Two and a half additional working days (despite a leap day less) supported the strong growth in the previous year's comparison. For the first time since the second half of 2014, quarterly growth was no longer determined solely by domestic demand, but the external contribution also made a positive contribution to GDP growth.

Governments are increasingly adopting behavioural science techniques for changing individual behavior in pursuit of policy objectives. Nudging policies rely on behavioural science to improve people's decisions through small changes in the environments within which people make choices (Schmidt, 2017). The types of “nudge” interventions that governments are now adopting alter people's decisions without coercion or significant changes to economic incentives. Benartzi, Beshears, Milkman, Sunstein, Thaler, Shankar, & Galing (2017) conclude that nudging is a valuable approach that should be used more often in conjunction with traditional policies, but more calculations are needed to determine the relative effectiveness of nudging.

The export economy supports the chances of economic growth. Further deepening studies that support this trend help to make the economy fit for the future.

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**APPENDIX A: QUESTIONNAIRE:  
ONLINE SURVEY OF MEMBERS OF THE BURGENLAND ECONOMIC CHAMBER**

Go international! The foreign trade is an important factor for the native economy. Are you and your company already abroad?

If not: Which measures and offers would be important for venture the step abroad? Tell us your wishes – To fill in the questionnaire takes only a few minutes.

1. Are you and your enterprise already engaged in export activities? \*

Please answer with yes or no.

2. Which factors are important to export for you as business man? \*

Carry out a valuation according the school grade system from 1 „very important“ to 5 „very unimportant“!

1 very important 2 important 3 less important 4 rather unimportant 5 unimportant

- Information about the possible target market
- Substantial market analysis/observation
- Successful pioneers
- Financial sponsorship to entering the market
- Assistance to set the first steps (such as AWO)
- Information in ways of funding
- Support searching partners
- Safe political situation in the target market
- Support in juridical affairs

3. Which service packages, offer of information and advisory offerings to the topic export are you aware?

(multiple answers possible)

- Export advice
- AWO – Foreign trade organisation in Austria
- AC – Foreign trade offices of the Economic Chamber of Austria
- Market analyses
- Fair consulting
- Import consulting
- Investment consulting
- Technology consulting
- Trade commissioners-Meeting and consultation days
- Market exploratory trips
- Network projects
- Events abroad
- AWO-Newsletter

4. Which sources of information in connection with exports are very important for you?\*

Create an objective ranking!

- Regional newspapers

- Regional newsletters
- AWO-Newsletter
- wko.at
- wko.at/aw
- advantageaustria.org

5. In which marketplaces would you want to export or invest?\*

(multiple answers possible)

- Add countries not mentioned at the end of the list

- Germany
- Hungary
- Croatia
- Slovenia
- Czech republic
- Slovakia
- Poland
- Romania
- Bulgaria
- France
- Belgium
- Netherlands
- India
- Russia
- China
- Asia – other countries of the Asian region
- North America
- South America
- Africa
- Australia

6. Which export share is realistic for your business?

What do you want to reach in the next 5 years? \*

Quote what export share you want to achieve in % ! .....%

7. What do you want to reach in the next 10 years? \*

Quote what export share you want to achieve in % !.....%

8. More risk more chances.

What risks and what chances do you estimate for exporters in general?

0.....100%

9. Which statements apply in your opinion?\*

(multiple answers possible) – Mark the statements with which you can identify!

- o Exports in Austria are extensively funded.
  - In Austria there is a favourable climate for exports.
  - The political framework conditions play a great role in the export economy.

- Austria is through the infrastructure well embedded in the international economy.
- Austrian products have a good reputation abroad.
- The potential of Austrian businesses abroad is expandable.
- Export is an important support of the Austrian economy.
- It is easier to succeed on a neighbouring market.
- Burgenland has a tremendous need in export to other provinces.
- Burgenland's businesses should appear under the umbrella brand „Made in Austria“.

10. Which export topics have particular importance for you?  
Tell us what you think!

11. Division of your business? \*

- Business and craft
- Industry
- Trade
- Bank and insurance
- Transport and traffic
- Tourism and leisure industry
- Information and Consulting

12. In which district is your company located? \*

- Neusiedl/See
- Eisenstadt
- Mattersburg
- Oberpullendorf
- Oberwart
- Güssing
- Jennersdorf

## **APPENDIX B: QUESTIONNAIRE: ONLINE SURVEY OF MEMBERS OF THE PROFESSIONAL ASSOCIATION FOR FOREIGN TRADE**

The Burgenland foreign trade

Dear members of Burgenland's foreign trade! What countries do you have business with? What services are important for you? Where do you see your future?

Please take part in the survey and tell us your concerns!

In which area are you mainly active? \*

Please choose! – Export - Import

1. What factors are important for you as an entrepreneur to export? \*

Make an assessment according to the school number system from 1 "very important" to 5 "unimportant"!

1 very important 2 important 3 less important 4 rather important 5 unimportant

- Information about the import/export market
- Extensive market research
- Observation
- Successful pioneers
- Promotions for the
- Market entry
- Support at the first steps (possibly through foreign economic centres, AWO)
- Information about financing options
- Support at the search for partners
- Secure political situation on the target market
- Support in legal affairs

2. Which services, information and consulting offers of the Economic Chamber do you know and do you use? \* Multiple openings are possible

- Export consulting
- AWO - Foreign trade organisation Austria
- AC - Foreign Economic Centre of the
- Chamber of Commerce
- Market analyses
- Exhibition advice
- Import consulting
- Investment advice
- Technology consulting
- Meetings with Trade Delegates
- Market exploratory trips
- Network projects
- Events at home and abroad
- AWO Newsletter

3. What information sources are important to you as a member of Burgenland's foreign trade? \*



Make a ranking!

- Regional chamber newspapers
- Regional newsletters
- AWO Newsletter
- Wko.at (Homepage of the Federal Economic Chamber)
- Wko.at/aw (Homepage of the department foreign trade)
- Advantageaustria.org
- Circular of the professional association of foreign trade in Burgenland

4. What markets are interesting for you as an exporter / importer? \*Multiple entries are possible - countries that are not listed can be added at the end of the list

- Germany
- Switzerland
- Hungary
- Croatia
- Slovenia
- Czech Republic
- Slovakia
- Poland
- Romania
- Bulgaria
- France
- Belgium
- Netherlands
- India
- Russia
- China
- Asia - other countries from the Asian region
- North America
- South America
- Africa
- Australia

5. Which products or services do you export or import? \* Multiple choices possible

- foods
- drinks
- Wood
- machinery
- electronics
- computer
- technology
- Know-how

6. How do you assess your chances and the risk that entrepreneurs are likely to receive in foreign trade? \* Please move the slider according to your estimation - value between 0 and 100!

More risk

More chance

7. How do you assess your chances for the future? How will your business develop over the next 5 years? \*Please choose!

- Rising business development
- Simultaneous business development
- Declining business performance
- I do not know.

8. And in the next 10 years? How will your business develop? \* Please choose!

- Rising business development
- Simultaneous business development
- Declining business performance
- I do not know

9. Are you connected to other companies? \*

- Yes, I have my network.
- No, but I have interest to cooperate with other companies.
- No, I have no interest to cooperate with other companies.

10. What do you think is true? \* Multiple appointments are possible - Mark all the statements with which you can identify yourself!

- Foreign trade is being extensively promoted in Austria.
- In Austria there is a climate favourable to foreign trade.
- Political framework conditions play an increasingly important role in foreign trade.
- Through its infrastructure, Austria is well integrated into the international economy.
- Austrian products have a good reputation abroad.
- The potential of Austrian companies abroad is a viable option.
- Foreign trade is an important pillar of the Austrian economy.
- It is easier to become active in a market in neighbouring countries first.
- The Burgenland has in comparison with other federal states in terms of export catch-up requirements.
- Burgenland entrepreneurs are to appear abroad under the umbrella brand "Made in Austria".

11. What more do you want to tell us? Give us your opinion. (Open question)

12. Statistical data

## APPENDIX C: QUESTIONNAIRE: ONLINE SURVEY ABOUT TRADE AGREEMENTS

Trade agreements-More chances or more risks? Tell us your opinion! What do you think of trade agreements? An example, which is currently very controversial, is TTIP, the Transatlantic Trade Union, which aims to intensify economic and trade relations between the EU and the USA. Do you see more opportunities or more risks for your company?

1. Have you dealt with TTIP? \* Compulsory question Yes/No
2. Do you feel well informed about TTIP negotiation? \* Please answer yes or no! Yes/No
3. Where did you get your information about TTIP? Multiple answers are possible.
  - Newspapers
  - Radio
  - Internet
  - Talk with entrepreneurs
  - Free Input
4. Will TTIP influence you more as a consumer or entrepreneur? \* Please choose!
  - TTIP affects me more than entrepreneurs.
  - TTIP affects me more than consumer.
  - TTIP will not affect me at all.
  - Free Input
5. Has TTIP more chances or risks for Burgenland's economy? \* Please select a field!
  - More chance
  - More risk
  - Balanced - equal opportunities and risk
  - I do not know
6. In your opinion, which trade agreements do you have in principle? Please choose!
  - More obstacle - agreements tend to block
  - More opportunity - agreements open up new opportunities
  - Balanced - offer opportunities and obstacles
  - I do not know
7. Can you read the criticism of TTIP? \*
 

5 categories: I totally agree/ I agree/ I stand indifferent/I agree more/I do not agree/I don't know

  - The negotiations on TTIP undermine basic principles of democracy.
  - The negotiations on TTIP are supported by the Economy and "the Multis".
  - TTIP is only for the multinationals.
  - With TTIP we will be flooded with genetically engineered modified food.
  - TTIP will override the high European standards.
  - TTIP will threaten our regional specialties.
  - After completion of TTIP water supply, healthcare and the education system will be privatized.

- 8. Where do you see opportunities that TTIP could bring to you and your company? Please take a ranking!
  - TTIP is a growth engine.
  - TTIP opens up new markets for us.
  - TTIP sets new impulses.
  - TTIP facilitates trading.
  - TTIP simplifies product specifications.

9. What do you want to tell the Economic Chamber about TTIP? Please tell us your opinion about the planned agreement! (Open question)

- 10. Statistical questions: Which industry does your company belong to? \* Please select the division in which your company is mainly active!
  - Trade and crafts
  - Industry
  - Bank and insurance
  - Trade
  - Tourism and leisure
  - Transport and traffic
  - Information and consulting
- 11. In which district does your company have the main location? \* Please select a county!
  - Neusiedl /See
  - Eisenstadt
  - Mattersburg
  - Oberpullendorf
  - Oberwart
  - Güssing
  - Jennersdorf

## **APPENDIX D: INTERVIEW GUIDE FOR EXPORTERS**

1. What is the current export rate of your company?
2. On which international markets are you engaged?
3. In which markets do you see potential for your company? Where do you see the future for your company?
4. How important do you consider the topics export and internationalisation for your company?
5. What was the motivation for you to work internationally?
6. Did you have a defined strategy in this process?
7. What were your company's benefits when entering new markets?
8. Who do you have or receive the most support from?
9. What were the difficulties?
10. What are your plans for your future international activities?
11. What would you give other (not yet exported) companies from your experience as a tip?

## **APPENDIX E: INTERVIEW GUIDE FOR NON-EXPORTERS**

1. Have you ever thought about exporting?
2. What could cause them to export?
3. In which foreign markets do you see potential for your company?
4. How important do you consider the topics of export and internationalisation for your company?
5. What difficulties do you see?
6. Where would you look for support?

## **APPENDIX F: INTERVIEW GUIDE FOR TRADE COMMISSIONERS/EXPORT CONSULTANTS**

1. Estimation: For which Austrian products do you see great opportunities in the market you are looking after? Which industries are interesting?
2. How do you see the current framework conditions for the export economy?
3. Is the export business in the tension field of globalisation and regionalisation? How do you feel this in the market for which you are responsible?
4. What obstacles do you think the potential exporters are facing? (open question, unsupported)
5. What areas should be expanded to vitalize the export industry?
6. What advice do you give first-exporters?

## **APPENDIX G: QUESTIONNAIRE: ADVANTAGE AUSTRIA – TRADE COMMISSIONERS - SUCCESS IN FOREIGN TRADE FOR AUSTRIAN COMPANIES**

1. What factors are in your opinion of particular importance for entrepreneurs who are already exporting or intending to do so in the future? \*compulsory question

Make a review of 1 "very important" to 5 "unimportant"!

- Previous knowledge of the target market
- Information about target markets
- Relationship network on the target market
- Successful pioneers, who already export
- Quality of products offered
- Productivity of the company
- Secure political situation on the target market
- information about financing options
- Promotion programmes
- Hedging price risks
- Support in search for business partners
- Support in legal affairs
- Support in organisational affairs
- Entrepreneurship /affinity of leadership
- intercultural competences

2. What do you think is true? \*Multiple responses are possible - Mark all the statements with which you can identify yourself!

- Exports are extensively promoted in Austria.
- In Austria there is an export-friendly climate.
- Political framework conditions play an increasingly important role in the export economy.
- Through its infrastructure, Austria is well integrated into the international economy.
- Austrian products have a good reputation abroad.
- The potential of Austrian companies abroad is a viable option.
- Export is an important pillar of the Austrian economy.
- It is easier to be successful first in a market in neighbouring countries.
- Abroad, entrepreneurs from the federal states are to appear under the umbrella brand "Made in Austria".
- Burgenland has to catch up the other Austrian federal states in exports.

3. Is the exporting economy in the tension field regionalisation versus globalisation? Do you look at the foreign market you care for, tendencies to prefer regional products to the imported ones?

Yes

No

4. What do you think are the biggest obstacles for entrepreneurs to enter the export market? \*  
Give us your opinion!

1 very strong influence 2 strong influence 3 neither nor 4 rather less influence 5 no influence

- Information deficiency
- Lack of entrepreneurial risk-taking
- Great demand in Austria
- High duties and taxes
- Customs processing inland
- Customs processing foreign countries
- Technical specifications
- Standards
- financing
- Bureaucratic hurdles in the target country
- Bureaucratic hurdles in Austria
- Competition in the destination Country
- Lack intercultural competences
- Lack linguistic proficiency
- Lack promotions

5. Are there areas that you think continue to promote the Austrian export industry should be expanded? Give us your opinion!

6. What advice do you give first-timers to a new target market?

**APPENDIX H. RESULTS OF THE EXPERT INTERVIEWS WITH ENTREPRENEURS**

Number	1	2	3	4	5
Sector	Agricultural trade	Food Industry	Foreign Trade	Carpenter	Wine trade
Exportquota	Strongly fluctuating	80%	100%	In peak times 50%	20%
Market	Italy and Germany	EU, except Sweden, Russia	EU, Russia, worldwide	Japan, Germany	Germany, first steps Iceland
Potential	Reflection on Austria, since high transport costs and now better prices on the domestic market, Germany is expandable	Azerbaijan, Kazakhstan, Saudi Arabia, the Arab Emirates, Japan, Korea	Differs from sector to sector	Design and quality have high potential	Good chances in Germany, now first attempts with Iceland
Importance	Traditional very important	Essentially no export no company	Consultancy services for exporters	Important sector, but ultimately reason for insolvency	Good addition to domestic business
Motivation	New sales markets	Economic base	Interesting business	Contacts in Vienna, Recommendation	Wide set-up
Strategy	Sales via Broker	None	Developed in cooperation with customers	None	None
Advantages	Climate, good quality of agricultural products, unmistakable	Flexible, individual by small structure	Experts of many markets, decades of experience, Russia expert	Good yield, image	Increased sales chances, the company has expanded rapidly
Number	1	2	3	4	5



Support	Broker	Advantage Austria	Advantage Austria	None	Advantage Austria, Network/recommendations (Business partner exported olive oil to Iceland, order was supplemented by wine)
Difficulties	Legal framework conditions, e.g. Transport	Non-tariff barriers	Depends on markets and firms	Currency risk, starry-eyed, profited from price fluctuations and then due to unfavourable yen price, bank credit was due, resulting in compensation and subsequent insolvency	None
Recommendations	Agricultural trade is very special and therefore not comparable, regional quality seasonal up and down	Patience, start-up 3 years, good preparation and follow-up of trade fairs	Patience, consistency	Get help, comprehensively inform, build up a network, cooperate with the bank, better financially secure	Good networking is important, niche products like orange wine, sweet wines, combination of conventional and organic wine growing
Number	1	2	3	4	5

Inter-nationalisation	Yes, but Hungary branch office was closed after some years again	Plans yes, failed due to too little capital and low capacity	Always associated with customers	Company was dissolved after compensation and later insolvency	No plans, network abroad is used, In the last few years, the company has nearly tripled the cultivation area in the country, combined with “Heuriger”, tavern selling home-grown wine
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Number	6	7	8	9	10
Branch	Metal Technology	Wine trade Winery in Austria and Hungary	Trade Muzzles	Trade of food	Commercial trade Cider
Export rate	0%	Strongly fluctuating	At least 95%, currently in 20 countries, from the USA through Hong Kong to New Zealand companies have existed since 2014	0 % No export, just a request from Hungary	In the 3.5 years since its inception increased to 30%
Markets	Firms and private people	Worldwide	Wherever there are dogs	The desired destinations would be Hungary and South America	Germany, Finland, Estonia, Sweden, the UK, Taiwan, Italy, France
Number	6	7	8	9	10

Potential	Inquiries so far from Italy, possibility Hungary with fences, gates Currently running: Order for the foreign branch office of a local business partner	For wine industry currently very bad chances, had in Canada three sales partners, not a great success, at all problematic where alcohol monopoly	Potential varies because in some areas muzzles are prescribed as penalties for bad behaviour and have a poor image	We already had a request from Hungary, to South America, a friend has successfully exported a large quantity of beverages	Still expandable
Importance	Domestic demand very strong, problems skilled workers	Traditional very important	Without export, no company	An important contribution to the economy of the region	Risk diversification, Better economic base
Motivation	Sceptical to export	Business success	Economic basis In Austria, there are about 650,000 dogs, about 10% have a muzzle, Currently 5% market share in Austria, export is essential	Economic base	Wider set-up
Strategy	No strategy concerning export	Sell, sell, visit many trade fairs, personal contacts	<ul style="list-style-type: none"> <li>• Trade fair plan, visit of trade fairs</li> <li>• Search for specialist dealers</li> <li>• Expansion of Internet shop</li> <li>• Offer crowd funding for US market</li> </ul>	Currently concentrating on Burgenland	Which markets are interesting for drinking behaviour? Where can I find a partner? Market processing step by step, new flavours, expand the programmeme
Advantages	-	-	Innovative product	Tastes like the Energy drink Red bull	Cider is drunk almost over the world.
Number	6	7	8	9	10

Support	-	Advantage Austria with their offers for trade fairs	Advantage Austria: Contact at market entry and inquiries	Networking	Advantage Austria: “Who does not use the offer of the Economic Chamber is itself to blame.”
Difficulties	Problem with a truck from Turkey, was confiscated by police, repaired, repair has never been paid, request from Italy, was not followed up	Large offer, low prices, poor wine harvest in the previous year, difficulties in food chains	Product has different places in the countries and partly bad image	Limited starting capital, the company only exists for one month	Non-tariff trade barriers, label regulations are very different, is a separate science
Recommendations	-	Wine trade is very special, many are on the market, other nations very active, shop in Austria because of structural change in gastronomy. Entrepreneurship is currently very difficult.	Keep going! Be open! Opportunities!	-	Networks, search for partners, take advantage of offers <ul style="list-style-type: none"> <li>• Where are multipliers?</li> <li>• Who are my competitors?</li> <li>• How is the consumer behaviour?</li> </ul>
Internationalisation	Lack of company size, investment would be necessary	Has already been done, both production and sales. Since 2002 also in Hungary 80 ha planted	Currently expanding sales network planned, open to anything new	-	“It would be nice!”

**APPENDIX I. RESULTS OF THE EXPERT INTERVIEWS WITH ENTREPRENEURS**

Number respondent	1	2	3	4	5	6	7	8	9	10
Export activity	x	x	x	x former	x		x	x		x
Requirements: <ul style="list-style-type: none"> <li>• Patience,</li> <li>• perseverance,</li> <li>• provision of resources</li> </ul>	x	x	x	x	x	x	x	x	x	x
Motivation: <ul style="list-style-type: none"> <li>• Expansion economic base,</li> <li>• new sales markets,</li> <li>• personal interest</li> </ul>	x	x	x		x		x	x	x	x
	x	x	x	x	x		x	x		x
	x	x	x	x	x		x	x		x
Limitations: <ul style="list-style-type: none"> <li>• crops</li> <li>• deficit employees</li> <li>• characteristics of production</li> </ul>	x				x		x			x
		x				x	x			
	x	x			x		x			x
USP	x	x		x	x	x	x			x
Domestic market first						x			x	
Obstacles: <ul style="list-style-type: none"> <li>• Producing conditions/of the industry,</li> <li>• export conditions,</li> <li>• non-tariff barriers,</li> <li>• trade agreements</li> </ul>	x	x			x		x			
	x	x			x	x	x	x	x	x
Open-minded to all markets in general	x	x	x		x		x	x	x	x
Import fact: <ul style="list-style-type: none"> <li>• Network and</li> <li>• Business contacts</li> </ul>	x	x	x	x	x	x	x	x	x	x
	x	x	x	x	x	x	x	x	x	x
Further steps of internationalisation considered or realised	x	x					x			
Partner Austrian Economic Chamber	x	x	x		x		x	x	x	x

Source: Expert interviews, entrepreneurs, evaluation according to Mayring

**APPENDIX J. RESULTS OF THE EXPERT INTERVIEWS WITH TRADE DELEGATES**

Number respondent	1	2	3	4
Estimation: Market potential on foreign market/s	China is a promising market.	Good chances in Asia.	Europa and Asia	It depends on the products. Chances are everywhere. Burgenland has a lot of hidden champions, technic and medical products and wine.
Framework for exporting activities	Go international – good programme for exporters and to start in export	Good conditions	A lot of offers for exporters	Export offers new sales opportunities.
Tension field globalisation versus regionalisation	Yes, there is a tension.	Regionalisation is a topic in most of the countries.	Globalisation and regionalisation – both influences export business.	I am not sure
Obstacles for the export economy	Lack of demand	Not enough information	Not the right contact, no courage for the first step	Not the right sales market, great demand on the domestic market
Areas which should be expanded to vitalize the export business	Subsides, events, workshops	Information for different branches, e.g. food, technic, chemistry	Maintaining funding programmes like Go international	Workshops, meeting – you can get information and learn more about new markets
Recommendations for First-Time-Exporters	Do not be afraid!	Start now!	Inform before starting!	Come to the offices and events of Advantage Austria

Number respondent	5	6	7
Estimation: Market potential on foreign market/s	Neighbouring markets: Start in front of your door!	Try a market close to Burgenland!	Business is hard. Burgenland is still behind its possibilities.
Framework for exporting activities	Good conditions in Austria and in the Czech market	Depends on the products	Entrepreneurs need a regional funding pot for export activities.
Tension field globalisation versus regionalisation	Maybe	Yes, I think so	I do not know.
Obstacles for the export economy	Lack of demand	World economy	Lack of courage, not the right industries
Areas which should be expanded to vitalize the export business	Funding programmes	Exporters have everything they need. Subsidies, information, trade fairs, workshops	Subsidies, funding pot as mentioned
Recommendations for First-Time-Exporters	Take the offers!	We will help you!	Try it!

**APPENDIX K. RESULTS OF THE EXPERT INTERVIEWS WITH TRADE DELEGATES:  
SCORES**

Number respondent	1	2	3	4	5	6	7
Chances in export business	x	x	x	x	x	x	x
Assessment framework: Good conditions, a lot of offers	x	x	x	x	x	x	x
Tension field globalisation versus regionalisation	x	x	x	Not sure	Not sure	x	x
Obstacles: <ul style="list-style-type: none"> <li>• Lack of demand/not the right industry</li> <li>• Lack of information,</li> <li>• Great demand on domestic market,</li> <li>• Lack of courage</li> </ul>	x	x	x	x	x	x	x
Areas to expand: <ul style="list-style-type: none"> <li>• Subsidies</li> <li>• More information</li> <li>• Networking</li> </ul>	x	x	x	x x	x		x

Source: Expert interviews, Trade Delegates/Export consultants, evaluation according to Mayring



**APPENDIX L. TABLES**

Table 46: Confidence levels and confidence intervals of respondents

Confidence level		Confidence interval		Sample	Population
95%	99%	15.1	19.88	42	17,321 All Members
95%	99%	37.03	48.75	7	16,455 Non-Exporters
95%	99%	16.24	21.37	35	866 Exporters

Source: <http://www.gmi-mr.de/solutions/sample-size-calculator.php>

Table 47: Needed sample at a confidence level of 95%

Confidence level	Confidence interval		Population	Needed Sample	
95%	3	5	17,321 All Members	1,005	376
95%	3	5	16,455 Non-Exporters	1,002	375
95%	3	5	1,731 Potential Exporters	660	315

Source: <http://www.gmi-mr.de/solutions/sample-size-calculator.php>

Table 48: Needed sample at a confidence level of 99%

Confidence level	Confidence interval		Population	Needed Sample	
99%	3	5	17,321 All Members	1,671	641
99%	3	5	16,455 Non-Exporters	1,662	640
99%	3	5	1,731 Potential Exporters	894	481

Source: <http://www.gmi-mr.de/solutions/sample-size-calculator.php>

## APPENDIX M. FIGURES

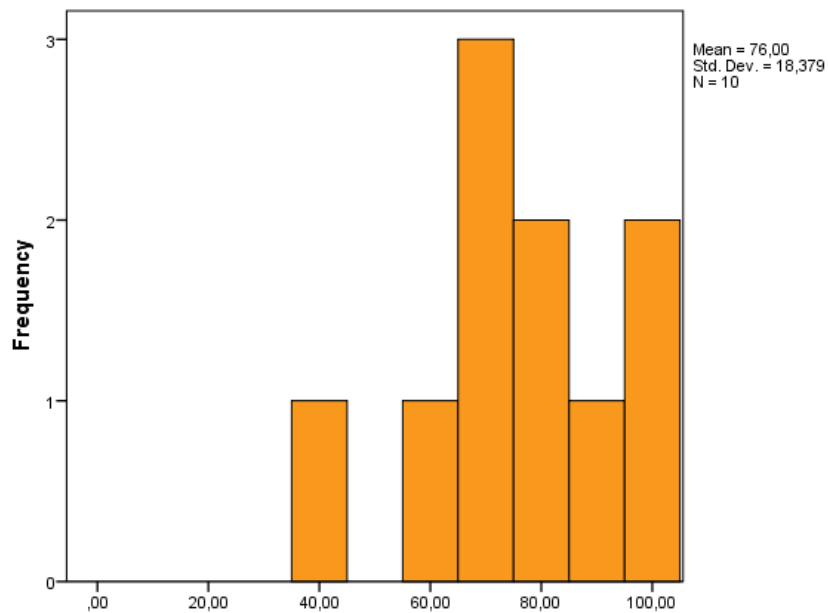


Figure 16: Assessment of opportunities in the group that did not agree that Austria is integrated into the international economy. Source: own online survey, March 2015

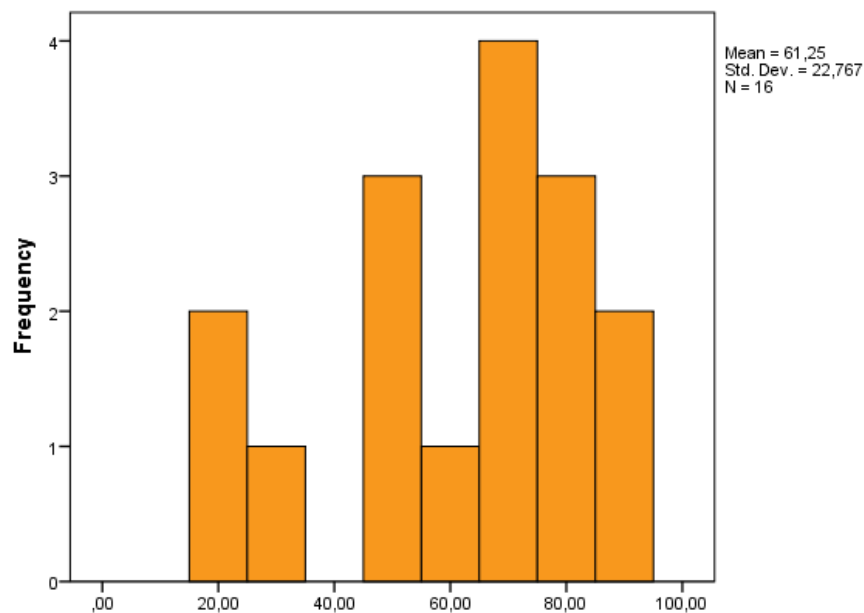


Figure 17: Assessment of opportunities for the group that does not think there is a catching up requirement.

Source: Online survey, entrepreneurs, March 2015

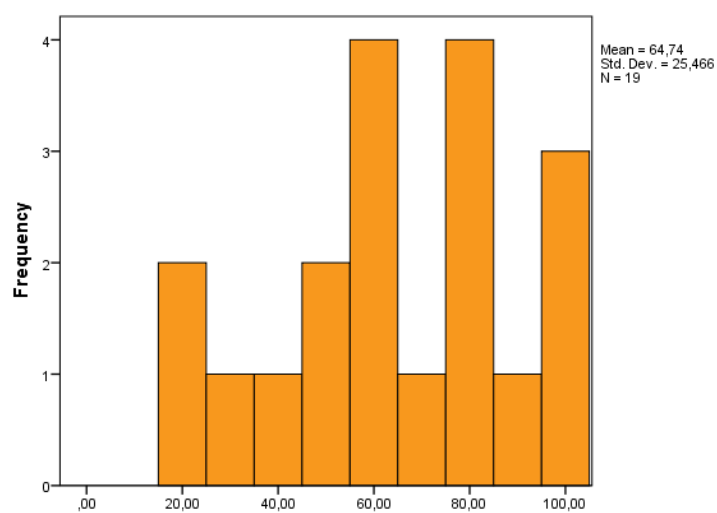


Figure 18: Assessment of opportunities by the group that think there is a catching up requirement.  
Source: own online survey, entrepreneurs March 2015

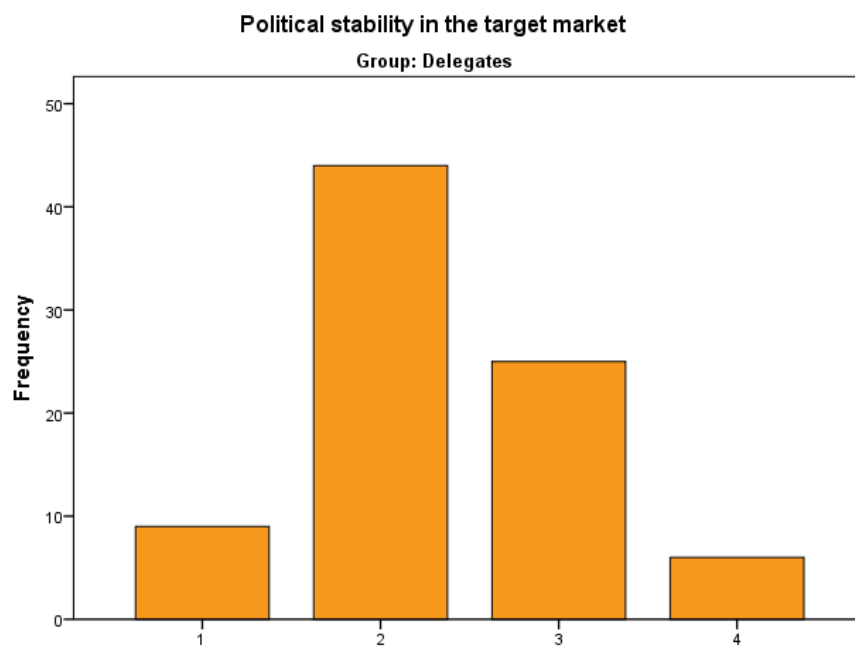


Figure 19: The frequency of different attitudes about the importance of political stability in the target market.  
Source: Online survey, trade commissioners, January 2017

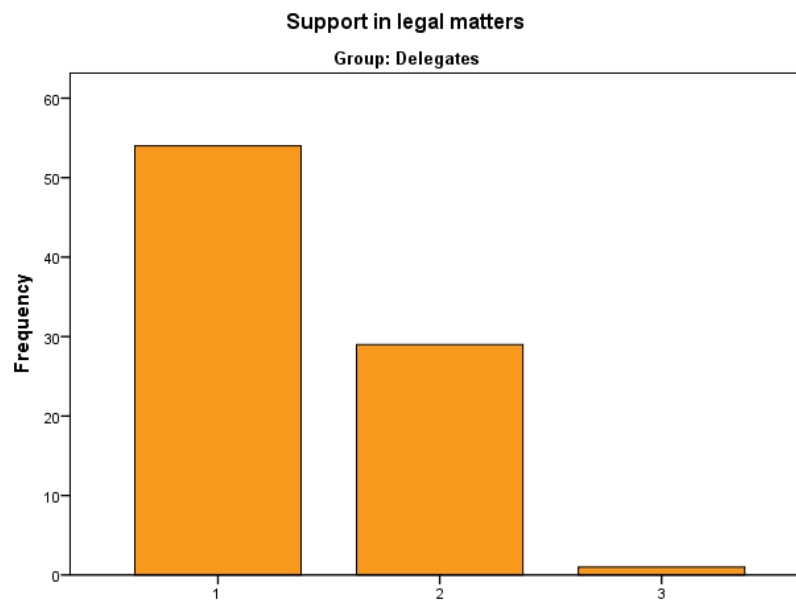


Figure 20: The frequency of different attitudes to the importance of support in legal matters.  
Source: Online survey, trade commissioners, January 2017

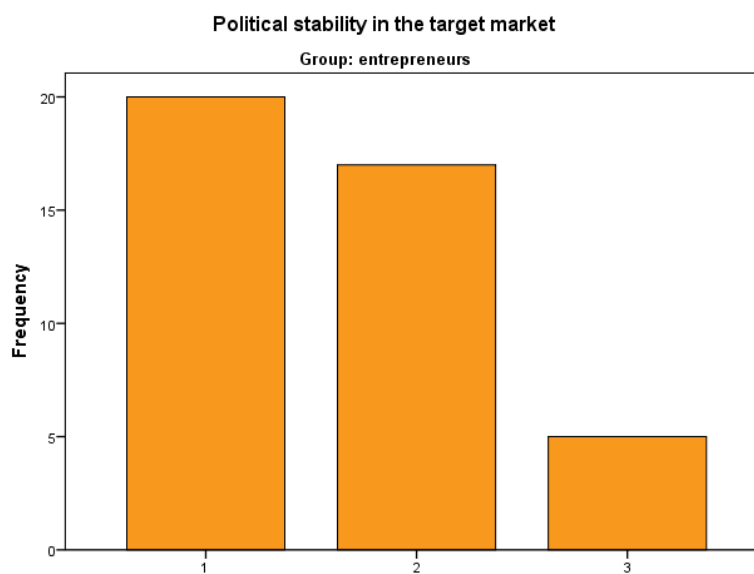


Figure 21: The frequency of different attitudes to the importance of political stability.  
Source: Online survey entrepreneurs, entrepreneurs, March 2015

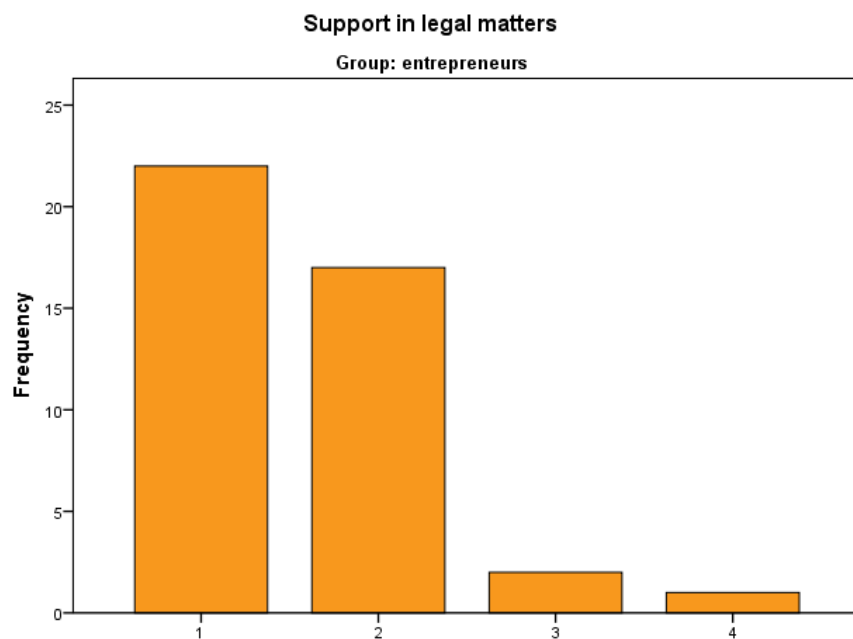


Figure 22: The frequency of different attitudes towards the importance of support in legal matters.  
Source: Online survey, entrepreneurs, March 2015

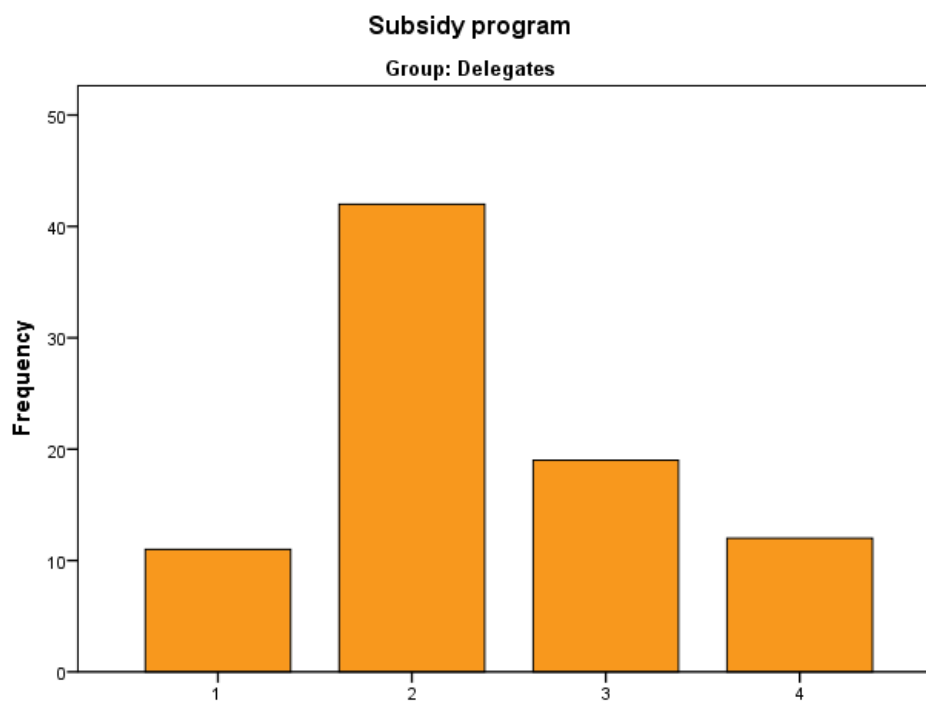


Figure 23: The frequency of different attitudes to the importance of subsidy programmes.  
Source: Online survey, trade commissioners, January 2017

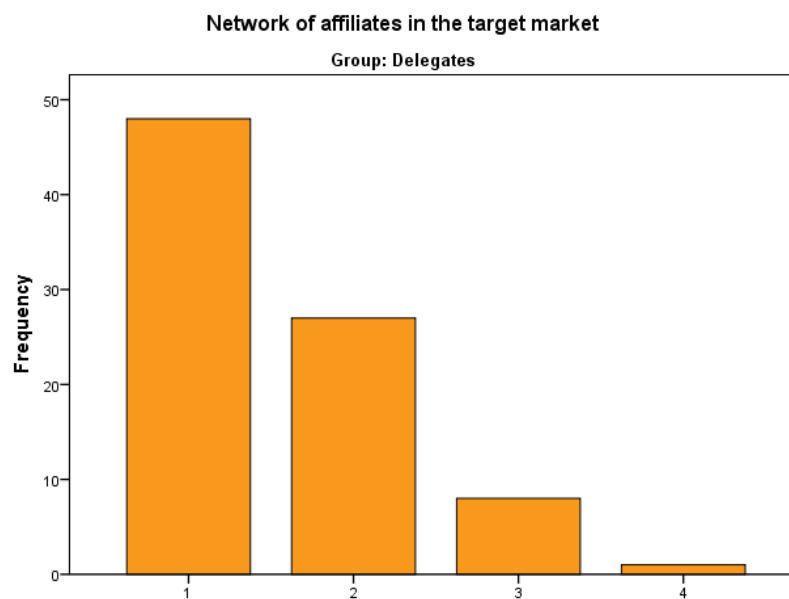


Figure 24: The frequency of different attitudes towards the importance of a network of affiliates in the target market.

Source: Online survey, trade commissioners, January 2017

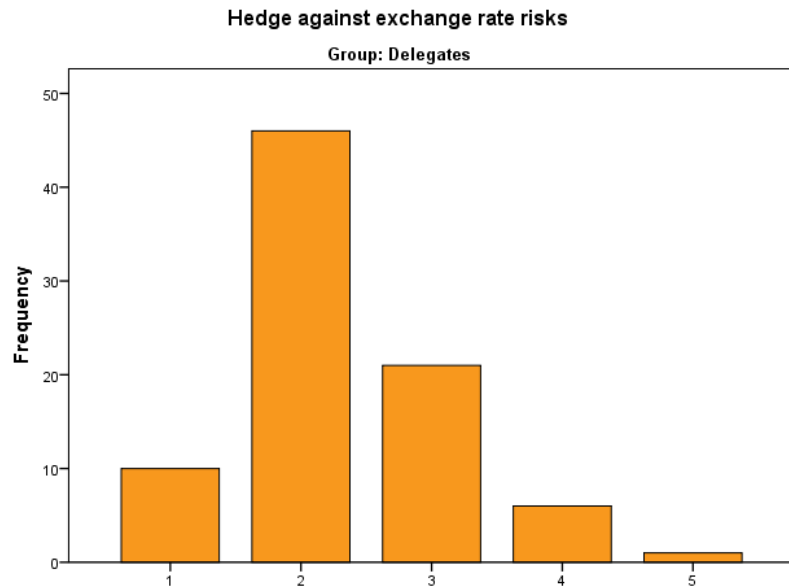


Figure 25: The frequency of different attitudes towards the importance of hedging against exchange rates.

Source: Online survey, trade commissioners, January 2017

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The Economic Chamber of the Austrian district Burgenland enabled me to do this research.

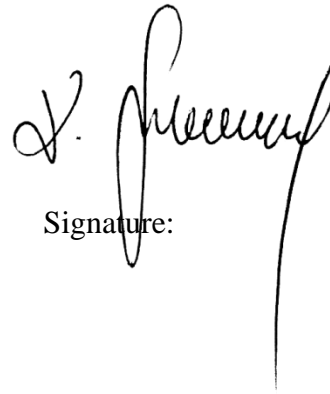
Thank you to my colleagues from the Marketing and Communications Department, Statistics and Advantage Austria who provided insight and expertise that greatly assisted the research! I wish to express a sincere thanks to the men and women who so graciously agreed to participate in my study. I would also like to thank the Team of Advantage Austria with Dr. Walter Koren on the top. Thanks for the support.

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## DECLARATION OF AUTHORSHIP

I hereby certify that this thesis has been composed by me and is based on my own work, unless stated otherwise. No other person's work has been used without due acknowledgement in this thesis. All references and verbatim extracts have been quoted, and all sources of information, including graphs and data sets, have been specifically acknowledged.

Date: 17<sup>th</sup> December 2018

A handwritten signature in black ink, appearing to be 'S. Hussain', written over the word 'Signature:'. The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Signature:



