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Exporting Motivations and Saudi SMEs: An Exploratory Study

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This paper explores the motivations to export perceived by Small and Medium sized (SME) businesses considering (or engaged in) exporting within the Saudi Arabia. Currently there is a paucity of research examining perceived export motivations differences and the influence of such motivations on export-related decision within manufacturing settings. Moreover, this is the first examination of these differences within the Saudi Arabian contexts. A total of 15 interviews with SMEs mangers/owners within manufacturing industries were completed. The results have identified a total of 13 exporting motivations perceived by Saudi Arabian SMEs. The study findings show that Saudi Arabian SMEs motivated more by external exporting motivations. Additionally, the study results show that as the number of the exporting motivations facing managers' increase, the lower risk they perceived and the higher commitment to export resulted. We recommend the use of a large scale survey to clarify the appropriateness of the factors identified in this study so as to arrive at more generalisable results.

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1. Introduction

It is essential to understand that international trade is vital to a country's economic survival; it also represents a powerful economic link between nations (Al-Aali 1999; Asiedu & Lien 2004). The remarkable growth in international trade has been one of the main features of an increasingly global marketplace (particularly, over the past two decades) (Sarfaraz 2002), and is demonstrated by the increasing number of companies that have become involved in global goods and services exchange (Barkema, Bell & Pennings 1996). Further, a key aspect of international trade is exporting, which represents one of the most attractive foreign market entry modes, from both a country's and a firm's perspective (Katsikeas & Morgan 1994). Consequently, the rapid and sustained economic growth in countries is closely associated with the growth in exporting (Brenton & Newfarmer 2007). Such export growth is important in sustaining a country's economy and in developing firm-level growth for a number of reasons. First, it has the ability to create income growth when domestic demand lags (especially within saturated markets).

Second, it generates jobs, and tends to induce more efficient production structures. Third, it assists in preventing a balance of payments crisis (Freurd & Pierala 2008). Lastly, export growth has been found to be a key driver of Gross Domestic Product (GDP); consequently, many developing countries have been seen to encourage exporting so as to stimulate growth in their domestic economies (Brenton & Newfarmer 2007). For instance, Brenton and Newfarmer (2007) found a positive relationship between export market penetration and GDP per captia. Given these findings, it is not

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surprising that growth in world export trade has been substantial in recent years. For example, average exports have increased by 2.7 percentage points during the 2000 to 2007 period (World Trade Organization 2008). In volume terms, in 2007, manufactured products grew by 7.5 percent. Moreover, world merchandise trade volume has increased considerably, from US$ 5591 billion in 1997 to US$ 13950 billion in 2007 (WTO 2008), and has increased to US$ 15238 billion in 2010 (WTO 2011).

Additionally, as exporting represents one of the most important entry modes into international markets, it is also considered a vital survival activity for a country's economy (Lado et al. 2001). The low level of committed resources and control that is required by firms, when pursuing a chosen market entry mode in foreign markets, has also made exporting a favourable strategic move. Also, as Small and Medium-sized Enterprises (SMEs) often lack the resources and staff of larger corporations; they tend to favour exporting as an entry mode to international markets (Jaffe & Pasternak 1994). In support of this finding, Jaffe and Pasternak (1994) argue that there is a realisation amongst SME managers that their firms' success and growth can be accomplished through exporting, especially within the short term. However, to date, minimal research has examined the role that motivations to export play in the SME decision-makers related decision and exporting process. This omission represents a significant gap in the literature, and forms the basis for the current study.

The paper consist of six main sections. First, the introduction section provides an overview of the research by identifying the topic of interest. Second, The literature review section reviews and presents a discussion of the literature that is relevant to this research. Following the introductory section, a background to the research is provided. The following sections discuss the motivations to export and introduce categories of the export stimuli. Important issues, such as, SMEs and exporting, internationalisation and export motivations, firm size and export stimuli, and firm characteristics and export development, are also discussed. last, the research question is stated, and, lastly, a summary of the chapter is provided. Next, research methodology to be used in this research is detailed. The research approach, the data collection, and the data analysis, selected to address the research question are described. In addition, the sampling and related issues are presented. The use of the convergent interviewing, as the data collection tool, is justified.

Then, the findings section present the results of the data analysis used to address the research questions. The data were obtained from a convenience sample of 15 participants via telephone interviews (from Saudi Arabia). For the purpose of clarity and ease of interpretation, the results are presented in-line with the exporting motivations categories. Last, conclusions drawn for each of the exporting motivations categories are presented. More specifically, a discussion of the findings and conclusions are summarised in relation to the existing literature and, accordingly, the theoretical contributions of the current research to existing theory are presented.

2. Literature Review

From a global economic perspective, internationalisation is more and more part of the current reality of doing business, especially for SMEs. Further, SMEs from emerging markets increasingly have to interact with, and manage, globalisation. As mentioned previously, the internationalisation of markets, globalisation, the liberalisation of trade, deregulation, growth in the knowledge economy and e-business have created new challenges for SMEs worldwide; at the same time they have induced many SMEs to expand internationally. These factors have stimulated significant research attention in the area of SMEs and their exporting performance, as well as international activities, and obstacles or barriers to new market entry and exporting (e.g. Hamill 1997; Karakaya 2002; Chen 2006; Crick et al. 1998).

This interest has developed due to SMEs contribution to their country's economic regeneration, in general, and the creation of opportunities, in particular (Hill et al. 2002).When compared to larger firms, SMEs are typically more resource-constrained(Fujita 1995; Coviello & McAuley 1999; Knight, 2000). Hence, small firms are becoming increasingly international. Indeed, they have been reported to contribute between 25 and 35 percent of world exports in manufacturing activities (Andersson & Floren 2008). However, even small, resource-constrained firms can succeed when they expand overseas, where they are able to access valuable resources through their international activities (Kuemmerle 2002). In addition, SMEs from developed countries have started to become more involved with risky environments, such as emerging markets.

Thus, SMEs have come to play an increasingly important role in global economies (Hill et al. 2002). Carson et al. (1995) reveal that, over the past 20 years, SMEs have been identified by most governments as being significant economic contributors to job and wealth creation. Thus, SMEs contribute to the economic development of nations and are considered as the manufacturing backbone for their ability to generate employment with minimum cost and innovation (Chen 2006). Neupert et al. (2006) postulate that, in many countries, SMEs are one of the fastest growing economic segments. SMEs are becoming more and more internationalised due to success and growth that can be accomplished, through it, and the low level of resource commitments that are required in this process. Consequently, there is a growing awareness of the importance of assisting SMEs in their contributions to job creation, developing new products and services, and encouraging entrepreneurial culture (Al-Aali 1999).

Moreover, exporting is an important survival and growth trade tool for both developed and developing economies. In developed (advanced) economies, firms have been utilising exporting strategies to exploit emerging (host) markets in an attempt to find new market opportunities as their usual (home) markets become increasingly saturated (London & Hart 2004). This approach has resulted from the perceived growth opportunities within emerging (host) markets (Arnold & Quelch 1998). In particular, in developing nations during the 2000-2007 periods, this exporting strategy can be seen in terms of the change in volume of world merchandise exports and production. Interestingly, export growth was 3 percent in North America and around 4 percent in Europe for this same period (WTO 2008). Furthermore, a recent report indicates that from 2000 to 2010, trade in manufactured goods grew in volume terms by an annual average of 4.8 percent (WTO 2011). For example, Europe's exports of manufactured products grew by 11 percent in 2010 and Asian exports of manufactured products grew by 30 percent in 2010, making up for the loss incurred during the financial crisis. Overall, the increase in export volume of manufactured goods in 2010 was considerable, at 18 percent (WTO 2011).

Furthermore, the contribution of the less-developed countries to world trade has increased, and the ratio of trade to GDP in these countries has continued to grow over the past years (WTO 2008). The growth in the volume of world merchandise exports and production from 2000 to 2007, in these regions, was 10.5 percent in Asia, and 6.5 percent in South and Central America. Furthermore, from 1995 to 2004, exports from developed to developing countries increased by approximately 140 percent (Brenton & Newfarmer 2007). The main reasons for this significant growth includes the increasing reliance of advanced markets on developing countries as a source of demand for final goods, and as a source of inexpensive and high quality industrial raw materials (Ahearne, Fernald, Loungani & Schindler 2003; WTO 2011). Thus, the wide array of motives located in international markets lead to an obvious increase in the number of firms engaged in exporting no matter of there economic level countries they come from (especially SMEs within developing and emerging markets).

2.1 Motivation to Export

Exporting may be conceptualised as a strategic response, by management, to the interplay of internal and external forces (Lado et al. 2001). Thus, firms choose exporting as a marketing strategy for a variety of reasons. First, the increase in competition and trade liberalisation in international markets has encouraged many firms to move towards exporting (Crick & Chaudhry 1997). Second, the high level of foreign competition has forced local firms to become more international (Viviers & Calof 1999). In addition, within the context of the product life cycle model, firms often adopt global strategies when their products have reached a declining stage in home country markets (Barkema et al. 1996). Hence, exporting is a necessary ingredient to ensure the survival and growth of firms (especially SMEs) (Westhead 1995). In support of this, Hall (1980) suggests that firms may be enticed into exporting due to hostile local environments that make survival and development difficult.

Generally, a firm’s involvement in exporting is the result of a wide array of motives, which can be classified into internal and external categories (Leonidou, Katsikeas, Palihawadana & Spyropoulou 2007). These export motives, also called stimuli, incentives or attention evokers, are the main drivers of the firm's decision to initiate export activities. Further, internal motives are associated with factors such as the accumulation of unsold inventory, the desire for growth, and the possession of a unique product. In contrast, external motives are associated with the external environment in both the home and host countries, including unsolicited orders from abroad, favourable exchange rates, and encouragement by government agencies (Leonidou et al. 2007). Moreover, several factors have made exporting a popular business mode. They relate to the minimisation of business risks, the low commitment of resources, and the added flexibility in the movement of goods and services across borders (Leonidou 1995b).

O’Farrell and Wood (1998) suggest that a variety of demand-side and supply-side factors influence a firm’s ability to internationalise. Further, SMEs owners, with limited experience, information and networks, are less aware of the opportunities available in domestic and foreign markets (Westhead et al. 2004). Thus, exporting motives have, in the main, a direct impact on exporters during the process of internationalisation, which differs from one stage to another. This process is observable (even without a large difference between the motivations of firms) particularly while initiating or continuing to export. However, SMEs need more (and diversified) assistance from the government, due to their capabilities and lack of human and financial resources (Crick 1995). Baker and Kaynak (1992) found that the most important motivators to export in Canadian firms, were: the foreign markets’ size; searching for market diversification to achieve stability; and profit potential and physical proximity to the US market. Interestingly, the firms' major motives, in terms of exporting during the initiating stage, appear to be responses to: unsolicited orders from aboard; looking to market diversification for stability; offers by foreign distributors; and profit potential. On the other hand, existing exporters are motivated by: access to larger markets; the proximity of markets; utilising excess capacity; the high growth rate; and smoothing out of business cycles.

2.2 Firm Size and Export Motivations

One of the most important factors receiving attention in the exporting literature is firm-specific resources and capabilities, which are identified as influencing the export behaviour of many firm (Suárez-Ortega & Alamo-Vera 2005). For example, the firms' size (Axinn 1988; Bonaccorsi 1992; Calof 1994; Cavusgil 1984; Reid 1982) is a major variable related to firm export development; thus, there is a positive relationship between firm size and export behaviour. Further, the importance of size relates to the resources and capabilities that the firm possesses, which, in turn, makes direct involvement in exporting easier and faster. In support of this conclusion, Pederson and Petersen (1998) suggest that firm size can be seen as a proxy for the availability of resources. Also, larger firms, with their larger resource base, are more able to handle risks associated with exporting than are smaller firms (Erramilli & Rao 1993).

In addition, Clark (1993) argues that firms with large resources will behave differently than smaller ones regarding their competitive strategies. For example, larger firms are more concerned with long-term adaptiveness (quicker to react) to external environmental changes (market changes) than are smaller firms; However, there is little consensus in relation to the impact of firm size on exporting activities (Aaby & Slater 1989). Indeed, many studies support the argument that there is a difference between various firm sizes and export behaviour. However, this difference does not appear to be great (Julien, Joyal, Deshaies & Ramangalahy 1997). In the developing economy of Vietnam, Hoang (2000) found that large Vietnamese firms were more motivated by proactive factors, such as the knowledge of foreign markets, and the firm's unique competence, than were smaller firms. This is related to the limited resources that the smaller firms could access in such countries.

A number of reactive and proactive motives for exporting are given by SMEs (Leonidou 1998). According to Leonidou et al.'s (2007) literature review, 40 different motives were identified as having an impact upon the export behaviour of small firms. These motives are classified (as mentioned earlier) as internal and external factors. The five main export internal stimuli categories are: human resource-related stimuli, financial stimuli, production-related stimuli, research and development-related stimuli, and marketing-related stimuli. The main export external stimuli are domestic market-related stimuli, foreign market-related stimuli, home government-related stimuli, foreign government-related stimuli, intermediary-related stimuli, competition-related stimuli, customer-related stimuli, and miscellaneous stimuli. The larger (of the small) firms have a greater propensity to report proactive motivations for exporting than micro firms (Moen 1999). Indeed, Moen (1999) noted that SMEs can be pushed into exporting due to a small or declining domestic market. In general, Westhead, Ucbasran and Binks (2004) found that SMEs' reasons for exporting are ones that respond to a number of exporting motives, and varied from proactive to reactive stimuli.

Generally, a firm's involvement in exporting is the result of a wide variety of motives, which can be classified into internal and external categories (Leonidou, Katsikeas, Palihawadana & Spyropoulou 2007). These export motives, together with a number of factors (discussed below), are the main drivers of the firm's decision to initiate export activities. Internal motives are associated with factors such as the accumulation of unsold inventory, the desire for growth, and the possession of a unique product. External motives are associated with the external environment in both the home and host countries, including unsolicited orders from abroad, favourable exchange rates, and encouragement by government agencies. Moreover, several reasons that have made exporting a popular business mode relate to the minimisation of business risks, low commitment of resources and added flexibility in the movement of goods and services across borders (Leonidou 1995b).

Many studies have concluded that management's use of government export assistance can contribute to a successful export development strategy (Bilkey 1978; Bilkey & Tesar 1977; Cavusgil 1982). Assistance, such as credits, subsidies and insurance, may increase the likelihood of profitability and reduce the risks for exporters and, indeed, are actually desired by them (Crick & Czinkota 1995). The findings of Lautanen (2000) suggest that inter-firm and person-to-person transmission of information are important stimuli to generate interest in exporting, while the manager's knowledge of languages increases a firm's likelihood of adopting the exporting strategy soon after becoming interested in exporting. Additionally, the amount and quality of resources,(such as managerial resources) the education level of the employees, and capital and capacity are crucial factors in any firm's internationalisation program (Reid 1981). Miesenbock (1988) recommends that the initial motives for exporting in a small firm most often lie outside the firm (such as receiving unsolicited orders from abroad) rather than inside the firm (such as excess capacity). Karagozoglu and Lindell (1998) identified a number of exporting stimuli that motivated and attracted SME Technology-Based firms to internationalise. They cited motivations, such as: global market opportunities being more promising than the domestic market; inquiries from potential foreign buyers; insufficient domestic market volume to achieve competitive research and development; domestic market saturation or domestic competitors internationalising their business; threats from multinational development; and critical knowledge and resources not being domestically available.

Export motives can be categorised using a quadruple typology, including: external-reactive, external-proactive, internal-reactive, and internal-proactive motives (Leonidou et al. 2007; Peterson, Albaum & Ridgway 1989). Internal motives are the factors within any firm that influence exporting decisions (such as a firm's assets and resources), whereas external motives are those factors originating from host or foreign environments. In the export motivation category, popular theory states that firms engage in exporting to circumvent domestic market problems and this approach is called "the export push" hypothesis (Rao & Naidu 1993). In other words, the firm's passive responses to internal or external pressure (push factors) exemplify reactive motives, while their interests in developing distinctive competencies (pull factors) represent proactive motives.

Many studies reveal that leading export motives are mainly associated with external factors, and are usually a reaction to adverse markets conditions, unsolicited orders, home market saturation, and the decline in domestic sales (Ghauri & Kumar 1989; Pavord & Bogart 1975; Simpson & Kujawa 1974; Sullivan & Bauerschmidt 1990). On the other hand, other studies have found that internal factors ("the export push"), such as excessive production capacity, are more important export motives (Brooks &

Rosson 1982; Kothari 1989; Tesar & Tarleton 1982). Importantly, Kaynak and Stevenson (1982) analysed a list of export motives and concluded that push factors are more significant than pull factors. Moreover, Leonidou (1998) adduced that certain push factors demonstrate highly motivating influences on exporting, including: domestic market saturation, unsolicited orders from abroad and under-utilised production capacity. Thus, stimuli and motivations associated with exporting, provides a focus of investigation in relation to international marketing activities. However, little is known on how SMEs in developing and emerging markets deal with these motivations to export. It is on this basis that one broad research question is posed in the current study:

RQ: What are the perceived motivations (to export) of export- decision makers and how do these influence the SMEs degree of involvement?

3. The Methodology

The data were collected via 15 unstructured interviews, with Saudi SME managers within manufacturing, encouraging a 'series of successive approximations' (Dick 1990, p.3). Saudi Arabia represents an emerging market where firms within manufacturing industries (especially SMEs), are growing and looking for international expansion. In fact, Saudi Arabia is following a long-term economic plan designed to create a globally competitive industrial capability and SMEs are playing an important part in this industrialisation (Saudi Ministry of Commerce and Industry 2008). The interviewees were selected from a range of industries, geographical regions, and age groups to ensure some heterogeneity in the sample and to maximise the analytic generalisabilty. The interviewees were all males, between the age of 26 and 55; both characteristics appear to be consistent with the general characteristics of the SME population in the manufacturing sector in Saudi Arabia.

The interview sessions were conducted via the telephone, and the participants were asked open-ended questions regarding their exporting experience, management styles and risk perceptions (associated with exporting). All interviews were audio-taped (with the participants consent) to ensure accuracy in transcription and data analysis. Following each interview the researcher listened to the recordings and transcribed the interviews verbatim. Summary notes of the participants' characteristics, enthusiasm, and overall tone and mood during the interview were also recorded. The researcher analysed each transcription prior to any subsequent interviews. This method facilitated the capture of salient themes that were measured with each subsequent interviewee, to identify whether they converged or diverged with the original themes (Dick 1990). Consequently, the follow-up questions narrowed the focus as different themes and perceptual frameworks were seen to emerge. The interviews were conducted until all patterns of convergence were felt to be satisfied and any major diversions were explained. Last, this research is an exploratory study in nature and due to the small size of the research sample, the findings of this study cannot be generalised to the largest population.

4. The Findings

The issues raised in the in-depth interviews, in terms of the influence of the exporting motivations on SMEs decision-maker risk perceptions, associated with exporting, are presented in Table 1. Importantly, each participant's name is represented in a letter code to ensure anonymity. A majority of participants supported the propositions that these export motivations have a significant influence on the SME decision-makers' risk perceptions and behaviours associated with exporting. Further, a majority of participants confirmed that those firms within the SME sector revolve around the roles and approaches of managers. As a consequence, the firm is managed and controlled (to a great extent) directly by the owners/managers and, thus, the decision-making power is generally centered in the hands of one person within the firm. For this reason, exporting decisions rely on the importance placed on this activity by the SMEs managers' perceptions and expansionary motivations.

The participants were asked to broadly explain what motivated them to export, as well as the way these motivations influenced their risk perceptions associated with exporting. A majority of participants agreed that motivations did have a great influence on their decision to export. Further, as the number of these motivations for exporting increased, perceived risks became lower; the opposite occurred when their motivations were limited. The findings show that more reactive stimuli has a greater influence on Saudi SMEs managers' decision to export. These stimuli are presented in Table 1.The table details the stimuli based on the literature classifications of export stimuli on the two dimensions, the locus of motives (internal or external to the firm), and the firm's motivated behaviour, whether proactive or reactive.

Table 1: Results of Convergent Interviewing: Export Motivations

	Internal	***%***	***External***	***%***
Proactive	• Export intention by the SMEs managers (C1, D1, E1, G1, H1, J1, K1, L1, M1, N1 and O1)	73.3	• International market opportunities more promising (C1, D1, E1, G1, H1, J1, K1, L1, M1, N1 and O1)	73.3
	• Looking for growth (C1, D1, E1, G1, H1, J1, K1, L1, M1, N1 and O1)	73.3	• Exporting ideas coming from a consultant (E1, I1 and J1)	20
	• To use low production cost (H1)	6.6	• Overseas contacts (C1, D1, G1, H1, K1, L1, M1, N1 and O1)	60
Reactive	• Surplus capacity (B1, E1, J1, I1, K1 and L1)	40	• Inquiries from potential foreign customers (A1, B1, F1, I1, K1, L1, M1, N1 and O1)	60
	• Risk diversification (E1, G1, H1, J1, K1, L1, M1, N1 and O1)	60	• Non-trade tariffs (all participants)	100
			• Attractive government export incentives (C1, G1, H1, K1 and L1)	33.3
			• Increased domestic competition (all participants)	100
			• Domestic market saturation(E1, G1, H1, J1, K1, L1, M, N1 and O1)	60

Source: Developed for this research.

4.1 Internal Proactive Motivations

The intention of SMEs managers to export was a major internal proactive motivation for most participants to start such activity (C1, D1, E1, G1, H1, J1, K1, L1, M1, N1 and O1). For instance participant L1 stated that: 'Exporting has the potential for profits and, to be honest, I never considered that going overseas would have any risks. I always tell my staff that overseas markets will grow our business and take us to the next level'. Thus, according to participant E1: ‘*One of the main determinants of a firm’s decision to export or not is the ’SME manager’s intentions and objectives to export. The decision is related to the fact that the exporting decision, or any strategic move, is centered mainly in the managers' hands. For this reason, intentions towards such an activity are very important’*. Similarly, participant D1 stated: *'I believe that the vision and ambition of senior management and the decision-makers towards the company’s development and growth are the most important factors that influence the exporting decision. Through exporting, companies build their reputation'.*

The firms' growth was motivated as a second major motivator to export (participants C1, D1, E1, G1, H1, J1, K1, L1, M1, N1 and O1). A large majority of participants found it impossible to grow and extend the company activities without looking for new opportunities through exporting. As participant G1 stated: *‘We know from the beginning that if we want to keep the development of the company on the right track we should look for new markets to achieve growth and expand our business properly’*. *Another participant (C1) stated that*: *'We started exporting because of the importance of such international activity on our company production size; it also provided us with a new opening for growth'.*

Lastly, participant H1 made the observation that managers and firms generally focused (in relation to the motivations to export) on advantages accruing from low production costs, to export on a commercial scale.

4.2 Internal Reactive Motivations

Overall, the results suggest that there were two main internal reactive motivations for some SMEs managers to initiate exporting activities, or continue to export. First, a number of participants (B1, E1, J1, K1 and L1) were motivated to export because of their surplus production capacity. For example, participant B1 suggested that: ‘*We are not an active exporter and do not have the desire to be one, but sometimes our production exceeds the local demand and that’s why, in this situation, we export’*. Similarly, participant J1 stated that: *'The size of our production was the motivation to export during the early stages of establishment and especially when the demand on our products was very low'.*

Overall, a total of four participants (E1, J1, K1 and L1) said that the production surplus was, in some cases, the motive for the exporting, which was one of their main activities. However, for nine participants, the second most important stimuli or motivator to export related to risk diversification. They agreed that exporting was considered as an option that gave them diversity. Thus, when they lost market share in one market (e.g. locally) the other market (e.g. exporting) provided potential to overcome the loss, minimise perceived business risks and maximise profits. In support of these findings, in participant L1’s stated: ‘*We were opening new gates when we entered the markets around Saudi, and that is because the markets never keep the same demand for the product. However, if we lose in market X, then market Y will substitute that lose, and so on’*. Similarly, participant E1 stated that exporting as: *‘The best way to reduce the financial risk is to have new markets and new customers, and so open up to new possibilities that would become the channel by which to diversify the risk*’.

4.3 External Proactive Motivations

A majority of interviewees self-reported that promising international market opportunities constituted the most influential external proactive motivation to begin exporting (C1, D1, E1, G1, H1, J1, K1, L1, M1, N1, and O1). Participant O1 identified that: 'F*oreign markets, especially within Arabia, were full of opportunities that pushed us to export with no fear of the risk'*. Similarly, another participant (M1) acknowledged that: *'We have very unique product features that always made it easy to go overseas for the promising opportunities over there because of the quality of our product'.*

Another external proactive stimulus was the foreign contacts that managers had previously developed. A very strong majority of participants (C1, D1, G1, H1, K1, L1, M1, N1 and O1) confirmed that one export motivator, the contacts they had in some markets; made it easier for them start exporting to these markets. As participant M1 outlined: *'When you have someone you know and you trust, in any foreign market, everything starts to be really easy; that is because you ask him about all the details needed to start this action. For example, I have a friend in Bahrain who works in the same industry. For this reason, I can call him and I give him my product features and our price. He then looks to see if anyone is interested. It works very well, so we have been exporting, since then, to Bahrain*'. Also, participant K1 stated: *'The connections that we have with some of the retailers in some of the Arabian markets was the main motive to export our product in a commercial size'*

In addition, a minority of interviewees (E1, I1 and J1) said that one of the motivating factors that lead them to export to the United Arab Emirates was the influence of a consultant, who promoted the idea to export to their firm. For example, participant J1 reported that a consultant, whom he had worked with during the start-up stages, had called and advised him to start exporting to the Emirates because of the higher demand for the company's products in that geographic locality.

4.4 External Reactive Motivations

The interviews revealed that Saudi SMEs managers were motivated to export by four main external reactive motivations. Firstly, all participants were motivated to export to Arabian countries because there was an absence of trade tariffs, which gave them a competitive advantage over some of the Asian-based competitors. Secondly, a large majority of participants started to export because the local competition made it difficult to sell (and remain profitable) in the local market. The following statement is indicative of a majority of responses, 'because of the high quality of our products the final price a bit high and, with the existence of products with both low quality and low price, made the competition within the domestic markets really tough, and this was one of the main reasons that motivated us to look for overseas opportunities to sell our products'. Thirdly, a total of five participants (C1, G1, H1, K1 and L1) were motivated to export due to accessibility to attractive government export incentives; so the companies could export with no fear from any risks. For instance, participant H1 stated that: '*The Saudi Industrial development fund has an act to encourage SME Saudi exporters to become more involved in international activities, especially exporting. They pay the exporters after they ship the products overseas, and they collect the money in payments directly from the importers. Without a doubt, this encouraged me to export, no matter the risk because we are already getting paid by our government so the risk is eliminated*'.

The fourth and final export motivator related to the saturation of the domestic market, especially for participants E1, G1, H1, J1, K1, L1, M1, N1, and O1. As the local demand was not able to grow, due to the country's small market size and the high number of existing local companies, the only way to increase sales was to enter mew markets through exporting. For instance, participant E1 confirmed that: *'I believe that exporting our products ensures our survival, especially when the local sales decline. Nevertheless, we still need to develop our capabilities'.* Another participant (A1) stated that: 'I'm considering exporting as a strategic move. Yes, exporting is very important, especially when local market sales decline'.

The results confirm that Saudi SMEs exporters were motivated by a variety of stimuli, (both internal to external) and from a proactive to reactive motivational perspective. A majority of participants agreed that these motivations greatly influenced how they perceived the risks associated with exporting, and how their behaviour influenced their export-related decisions. For example, the results suggested that the more exporting stimuli in both domestic and international markets that SMEs managers perceived, the more the risks will be perceived as low and may be ignored. As a consequence, SMEs tend to become more active exporters. Based on the thematic analysis of the interview data, it appears that the export motivations have a significant influence on SMEs decision-makers' risk perceptions and export-related decisions.

5. Discussion

The research has identified and confirmed the influence of exporting motivations in both host and home countries in relation to SMEs decision-makers' risk perceptions and export-related decisions. Additionally, the managers' level of perceived risk was found to influence the level of exporting involvement of the company. The findings, in relation to exporting stimuli, and their influence on SMEs degree of involvement in exporting, are valid in the context of Saudi SMEs' exporting products within the manufacturing sector. Further, as most of the research participants self-nominated themselves as regular exporters, the results show that the more reactive the stimuli the greater its influence on the ultimate decision to export (see Table 1).

The present study confirms that the international marketing process incorporates many stages (see also Bilkey & Tesar 1977; Cavusgil 1982, 1984; Cavusgil & Nevin 1981; Czinkota & Johnston 1981; Katsikeas 1996; Rao & Naidu 1993). However, it is also clear from the current study that differences exist between firms during their export development (as reported by Katsikeas 1996; Reid 1981; Sullivan & Bauerschmidt 1990; Turnbull 1987). Further, a range of motivating factors can be found during the internationalisation process (from the pre-export and initial stages to more progressed and maturing stages)(as identified earlier by Bilkey & Tesar 1977; Leonidou 1995b).

Saudi SMEs managers were motivated by 13 different export stimuli, and had gained confidence from their previous experience, together with their level of understanding of the exporting barriers. Hence, the results show that regular exporters were more proactive, whereas infrequent or sporadic exporters adopted a strategic posture and differed in their approaches to decision making. These findings support Katsikeas (1996) earlier findings. Additionally, the current study confirms that the more a firm is engaged in exporting the more they will act proactively; these conclusions are also reiterated by a number of other researchers (e.g. Albaum 1983; Bilkey 1978; Cavusgil 1984a; Joynt 1982; Katsikeas 1995).

The current research results confirm Reid (1982) findings that the more a company has the necessary resources and capabilities (usually determined by size) then the more proactive they will be as exporters. In part this relates to their greater access to knowledge of foreign markets and their unique competencies (See Hoang 2000). Additionally, they also appear to be in a better position to accommodate any perceived risks, as postulated by Erramilli and Rao (1993). Indeed, such managerial behaviour involves firms searching for new markets in which to sell their products, regardless of incumbent risks. Within the context of the current study, a number of stimuli, as identified earlier by Leonidou et al. (2007), were found to impact upon the exporting behaviour of SMEs, and their exporting strategies (see Clark 1993), regardless of size (See Aaby & Slater 1989; Julien, Joyal, Deshaies & Ramangalahy, 1997). These stimuli may be classified as internal and external, proactive and reactive factors.

The research findings are consistent with earlier studies, namely, that the macro small firms have a greater propensity to report proactive motivations for exporting than micro firms (e.g. Hoang 2000). Also, SMEs may be pushed into exporting due to small or declining domestic markets and sales (as noted by Moen (1999). Importantly, the findings of this research extend previous knowledge regarding how these exporting stimuli influence risk perceptions of SME decision-makers. For example, the more often the managers are exposed to exporting stimuli, in both domestic and international markets, the more risks will be perceived as low and/or ignored. As a consequence, SMEs tend to become more active exporters.

Further, Saudi SMEs decision-makers were motivated to export their products by a number of export incentives, which varied from internal to external and reactive to proactive. They were motivated by three proactive-internal motives, as seen a small majority (6.6 percent) of Saudi managers, who were motivated by the low cost of their products. In addition, the results show that managers from Saudi Arabia were motivated by two internal-reactive motivations (risk diversification and surplus capacity of their products). Indeed, managers were motivated by two similar external-proactive motivations (international markets with promising opportunities, and overseas contacts and ideas direct from consultants). The results suggest that all managers were motivated by four external-reactive motivations (overseas orders, government incentives, market saturation, and domestic competition). Moreover, the Saudi Arabian managers were motivated by the lack of trade tariffs, as occurs with the Arab League products when exporting to other Arab countries.

In addition, the results highlight that SMEs decision-makers experience different export motivations. For example, all participants were motivated by reactive-external motives, with other motives were experienced by a minority of participants. For example, 26.6 percent of the Saudi decision-makers were motivated by proactive-internal motives. Further, the reactive-internal motivations were motivated only 26.6 of Saudi decision makers. Moreover, the proactive-external motivations motivated 20 percent of Saudi SMEs.

6. Summary and Conclusions

The study has explored the exporting motivations perceived by Saudi Arabian manufacturing SMEs and those motivations influence their commitment and behaviour towards exporting. This paper has identified a total of 13 exporting motivations perceived by Saudi Arabian. The study findings show that Saudi Arabian SMEs motivated more by external exporting motivations. Additionally, the study results show that as the number of the exporting motivations facing managers' increase, the lower risk they perceived and the higher commitment to export resulted. Although outside the scope of this study, one could conjecture that regulatory/business bodies could assist in increasing management's propensity to export through providing better industry information (e.g. seminars), educational opportunities for managers and direct management assistance to influence management perceptions of risk in relation to exporting activities.

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