

“A study on Difficulties Faced by Entrepreneur while Exporting Products”

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➤ Abstract

Difficulties faced while exporting ,are challenging and can delay the exporting process a lot, because of which the importer can easily switch to another exporter, even though having experience of exporting of more than 5 year with frequency of regular export, major difficulties faced by exporters are complex Export procedure as the export procedure includes some of the complex paper-work sometime the quality also played major role in export as the standard set by the importing country does not match exported goods quality. Language was also one of the barriers for communication which leads to misleading of information's .Letter of credit and documents against payment was most trusted method of payment of majority of the respondents, for the respondents who exports raw material are not more affected with cultural difference whereas exporters with finished goods are affected with cultural difference.

➤ Introduction

“Difficulties Faced by Entrepreneur while Exporting Product with a Specific Reference to Surat city”

Export: Businesses that sell their goods and services to customers in other countries are exporting them – they are producing them in one country and shipping them to another. Exporting is one way that businesses can rapidly expand their potential market.

Entrepreneur : An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and business/or procedures.

The problems faced by exporters are challenging and can delay the exporting process a lot. When Exporter start exporting goods or products, the main difficulties that exporters face when trading internationally are Geography and transportation, Payment methods, Different legal norms, Language barriers, Finding the right importer, Different customs and cultures, Currency risk, Transport Risks.

➤ Literature Review

Helena Miloloža concluded in their study- An Analysis of the Internal Barriers Hindering Croatian Export Companies (2016). The objective was to represent the ultimate strategic necessity that ensures a positive impact on long-term sustainable development and the acquisition of international experience. The data was collected by handbook of Indian Economy. Thus, concluding researcher concluded that Export strategies were created by the top management and largely depends on business policy. Reliability and the absence of exchange of information, as well as insufficient quality and availability of managerial personnel, especially those recruited for export activities were most significant problems noted by the researcher.

Gebreyohannes & Gebreslassie Gebrewahid has studied on Export Barriers and Competitiveness of Small and Medium-sized Enterprise in Developing Countries (2016). The objective was to investigate the export barriers and export competitiveness of the Ethiopian Leather Footwear manufacturing firms in particular and the industry in general. The survey data is analyzed using factor analysis and MDS techniques. Tools used for the study were Both factor loadings and factor score coefficient results were both factor analysis and MDS techniques were used to identify the underlying factors and to cluster the selected firms of the industry based on the intensity of the perceived export barriers respectively. The finding of this research affirmed that human resource barrier is important in impeding the export activities of the firms. It is due to but not limited to lack of adequate skilled and experienced human capital. Previous studies such as inadequate export knowledge, shortage of export oriented managers, lack of adequate managerial capital exists, and difficulty in hiring specialized workforce.

Shaikh Nazmul Huda has studied on "Export Barriers for SMES" (2013). The purpose of the research was to find the major export barriers faced by the small and medium sized shrimp exporting companies of Bangladesh to the European market. Representatives of three small and medium sized shrimp exporting companies were interviewed to get primary data. The secondary data were collected from related literature and relevant internet sources. The thesis process was implemented by qualitative research process. The result of the research illustrates that the major barriers faced by Bangladeshi small and medium sized shrimp exporting companies are lack of finance for h+ exporting and excessive transportation cost. Besides that, there are some other barriers faced by the small and medium sized shrimp exporting companies in Bangladesh. The industry also lacks proper market research & advertising.

It was noted that common problems faced by entrepreneur while exporting product was Export procedure, product quality, legal policies of both exporting as well as importing country. According to researchers Language barrier too plays major role in exporting activity, lack of information and other competitors too are considered as problems for export.

➤ Methodology

In this study researcher has used non probabilistic convenience sampling .This research is based on primary data, and data was collected by Questionnaire method and interview method. The main aim of the Questionnaire method was to analyse exact number of people facing the problems like linguistic problem, finance problem, Marketing Problem, Infrastructural Problem, Exchange Rate Volatility ,Problem in Communication, Lack of Information Cultural Difference ,Different Legal Policies, Tariff Barriers, Intense Competition ,Complex Procedure. The sample size was 50 for the research and was confined up-to Surat city. The Sampling technique used for the researcher was probability under which random sampling was used and non-probability sampling , Purposive Sampling method was used for the study.

➤ Analysis

		Always	Percent
Valid	Always	Very Frequently	62.0
	Very Frequently	Sometimes	24.0
	Sometimes	Frequently	8.0
	Frequently	Total	6.0
	Total	Always	100.0

Table 1: Frequency of Export

The table 1 clearly shows that 31 respondents out of 50 Exports their product always that Is on regular bases.12 respondent Export their very frequently,4 of the total respondents perform their exporting activity sometimes and 3 respondents said that they export very frequently

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Highly difficult	19	38.0	38.0	38.0
	Difficult	6	12.0	12.0	50.0
	Neutral	18	36.0	36.0	86.0
	Normal	3	6.0	6.0	92.0
	Easy	4	8.0	8.0	100.0
	Total	50	100.0	100.0	

Table 2: Degree of difficulty faced while exporting

The table 2 shows the degree of difficulties in which out of 50 respondents, it was noted that 19 exporters faced Exporting activity highly difficult whereas ,6 Exporter out of total faced Exporting activity on difficult level,18 Exporters found exporting activity as natural,3 of total respondent termed Exporting activity Normal and 4 exporters found exporting easy

Factors	Responses		Percent of Cases
Payment	12	6.6%	24.0%
Exchange Rate	39	21.5%	78.0%
Middle Men	38	21.0%	76.0%
Geography	26	14.4%	52.0%
Legal Norms	5	2.8%	10.0%
Quality	27	14.9%	54.0%
Culture	21	11.6%	42.0%
Others	13	7.2%	26.0%
Total	181	100.0%	362.0%

Table 3 : Most common factor affecting export

The table 3 depicts the common factor affecting the export of the Entrepreneur. In which 12 respondents articulated that payment was the factor affecting their export. 39 respondents faced exchange rate as a difficult factor, 38 respondents told that middle man was the problem factor, whereas 5 respondents faced legal norms as an exporting problem, 27 of the respondent said that Quality was the issue factor for exporting 21 said that culture was problem factor of export and 13 respondents, responded for other factors.

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	50	100.0	100.0	100.0

Table 4: Currency Fluctuation of importing country

Importing countries currency were having influence on exporting country as little fluctuation in importing country's currency does affect exporting countries export

		Responses	
		N	Percent
	Trouble with Financing	16	16.7
	Trouble with Loans	25	26
	Currency volatility	13	13.5
	Execution of money transfer	37	38.5
	Clearance procedures and taxes	5	5.2
Total		96	100.0%

Table 5: Financial problems that affects the export

From the table 5 we can clearly see that , Execution of Money Transfer was one of the Financial problems faced by the majority of the respondents and Trouble with Loans stud 2nd i.e. by 25 respondents on the list of major financial problem and 16 respondents faced trouble with finance,13 respondents faced currency volatility and, only 5 respondents faced Clearance procedures and taxes as financial problem.

Table 6: Marketing problems that affect the export

	Responses	
	N	Percent
Time Management	26	30.2%
Lack of Product Design and Specification	33	38.4%
Difference in Customer Need	13	15.1%
If Other	14	16.3%
Total	86	100.0%

From table 6 we can see that ; 26 respondents faced the problem of time management while 33 respondents faced Lack Of Product Design And Specification 13 respondents faced problem in Difference In Customer Need while 14 faced other problems.

Factors	Responses		Percent of Cases
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H0: Creates effect on firm while entrepreneur is exporting product.

H1: Does not create effect on firm while entrepreneur is exporting product

One-Sample t- Test	
test value-2	
Factors	Sig. (2-tailed)
Marketing Problem	.073
Infrastructural Problem	.044
Exchange Rate Volatility	.000
Language Barriers	.000
Problem in Communication	.025
Lack of Information	.003
Cultural Difference	.000
Different Legal Policies	.000
Tariff Barriers	.118
Intense Competition	.420
Complex Procedure	.006

Table 8 : One Sample-T test

Results and discussions

From the analysis for one sample T-Test the test value of Marketing Problem, Infrastructural Problem, Problem in Communication, Tariff Barriers, Intense Competition, Complex Procedure is greater than 0.05 which means the null hypothesis is accepted thus the Marketing problem, Infrastructural problem, Problem in communication, Tariff barriers, Intense competition and Complex procedure does create effect while exporting products. Exchange Rate Volatility, Language Barriers, Cultural Difference, Lack of Information, Different Legal Policies, is less than 0.05 which means the null hypothesis is rejected, thus, Exchange Rate Volatility, Language Barriers, Cultural Difference, Lack of Information, Different Legal Policies, does not create effect while exporting products.

➤ CONCLUSION

It was noted that major exporter were exporting from more the 5 years and manufacturing exporting method was most preferred method by the majority of the exporters who were exporting their product on constant basis. Major of the exporters found exporting activity highly difficult with the common factors like, Exchange rate, Middlemen and geography. Importing countries currency were having influence on exporting country. Letter of credit and documents against payment was found most trusted method of payment. Time management and lack of product design specification was the major problem noted in marketing area Exchange rate volatility, language barrier, difference in legal policy and tariff barrier are the major problem found in the field of exporting. From the results on perceived implementations Marketing, infrastructure, communication, tariff barriers does create effect while exporting products. complex procedure were found to be most affected problem while exporting products whereas Exchange Rate Volatility, Language Barriers, lack of information, cultural difference, different legal policies intense competition does not create effect while exporting products.

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