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THE PRACTICE OF CUSTOMER VALUE CREATION  
AND MARKET EFFECTIVENESS AMONG LOW-TECH SMES

Abstract: Low-tech firms by definition can rarely establish their competitive advantage on new technological knowledge which is why such firms and low-tech SMEs in particular has to find other means to compete. As value creation is increasingly considered the core of staying competitive independent of the firm size and industry characteristics, the practice of customer value creation and resulting market effectiveness becomes topical in terms of competition management. Acknowledging the complexity of a contemporary phenomenon of this type, an attempt is made to understand the customer value creation in its real-life context through an international case study approach. Emerging qualitative research findings indicate that high performing firms apply high design and high quality related activities more often than the less successful firms in addition to which corresponding high end products are expressed representatively. Low performance firms in turn more frequently base their value creation on lower price characteristics and product and company information only. The subsequent statistical analysis confirms the significance of representative presentation and indicates further that interaction which is made possible to customers with designers has the biggest antecedent influence to market effectiveness. However, so far no statistically significant value creation strategy could be identified which would have been capable of differentiating case firms by their market effectiveness. In exploring empirically the practice of SME value creation the study offers some firsthand evidence and managerial guidance as to SME value creation and corresponding market effectiveness.

Edward E. Marandu  
Catherine Phambuka-Nsimbi  
Amos Owen Thomas

PERCEIVED PREVALENCE OF NON-TARIFF BARRIERS: A CONCEPTUAL AND EMPIRICAL ANALYSIS

Abstract: This paper provides a theoretical as well as empirical analysis of the prevalence of Non-Tariff Barriers (NTBs) on trade in an emerging economy. Data were obtained from 94 export-import executives in Botswana. The study makes four main contributions to the understanding of NTBs. First, NTBs are initially conceptualized as consisting of three groups - Technical, Trade Policy and Administrative – that are a subset of the broader Social, Economic and Administrative regulations in a nation. Second, although strictly not an NTB, this study introduces Infrastructure Deficiency as a new category relevant in a developing environment. Third, NTBs are considered in the main to be external to a firm and macro in scope. Fourth, the findings suggest that the most prevalent barriers to Botswana’s intra-SADC trade are of Administrative and Infrastructure in type, while Technical barriers are the least. Finally, managers of small or less experienced firms have a tendency to perceive higher levels of NTB. These findings suggest the following implications for policy: (1) Efforts aimed at increasing regional trade may prove more fruitful if focused on reducing administrative NTBs and improving infrastructure rather than tackling technical NTBs; (2) Since NTBs are macro in scope, overcoming them is expensive and requires collective action by firms; and (3) Public trade promotion efforts should focus on managers of small or less experienced firms because they have a tendency to perceive higher NTB levels than what actually exists.

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Abstract: Understanding the internal sources of acquiring market strength has implications for corporate strategic decisions and competitive behavior as firms expand their cross-border business activities in their home region and around the world. This paper focuses on the sources of value creation in Latin American multinationals (LAMNEs). The basic premise of this paper is that a set of managerial skills and corporate strategies that leverage internal resources and capabilities coupled with strategic decisions to enter specific industries are driving the creation of market values among LAMNEs. This paper presents a conceptual framework and empirical evidence on internal management capabilities in deploying resources that help explain variations in market values generated by the largest Latin American firms.

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Abstract: The social and political instability that marked Tunisia shortly after the collapse of the ex-regime had hit hard the export activities of small and medium enterprises (SMEs) already in difficulties due to the recent world economic downturn. The interim government is trying to find remedies to the current situation through political, social and financial measures. However, these measures appear to be less efficient and conclusions have been drawn that remedies to the current Tunisian exporters’ problems should pass, among others, by a reconsideration of their exporting behaviors. There is a tendency among Tunisian exporters to focus on one international destination and ignore opportunities available in other markets. This research tries to draw the profiles of mono destination and multi destinations exporters in Tunisia by examining the various factors that impact the choice of and the involvement with foreign markets. Depicting the profiles of these two types of exporters will help in developing appropriate measures that would contribute to the expansion of the Tunisian export activities. Results from an empirical investigation among a sample of Tunisian SMEs revealed that firm’s specific factors are influencing the exporting behavior of Tunisian SMEs.

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Abstract: The volatility of exchange rates has caused much concern among policy makers in government, the business community, financial institutions and financial markets as it contributes to international risks. Investors are also concerned about the impact of the exchange rates’ movements on both the cash flow of companies’ operations and the discount rate employed to value these cash flows. This paper inspects the pricing of exchange rate risk in the South African stock market, using a two-factor arbitrage pricing model. After examining the Johannesburg Stock exchange All Share Index Top40 (ALSI Top40) companies, the conclusion is reached that these companies tend to be negatively exposed to the exchange rate risk. The unconditional premium attached to the foreign exchange rate exposure is found to be 2.2% per month and is both economically and statistically significant. The exchange rate does not appear to be diversifiable (systematic risk) and active hedging policies by financial managers can affect the cost of capital. Investors should, therefore, earn a premium by being exposed to the foreign exchange rate risk.