



Resumen

Los procesos para proyectar y modelar la actividad económica en Puerto Rico son fundamentales en la toma de decisiones tanto para el sector público, como para el sector privado. No llevar a cabo este proceso en la forma correcta puede acarrear costos altos, los cuales se reflejan en ineficiencias en los procesos de decisión. En este trabajo se presenta un método alternativo para modelar la actividad económica, basado en la teoría económica y la información estadística y matemática de las series a estudiar.

Palabras clave: Proyecciones, métodos matemáticos y estadísticos

Abstract

Forecasting and modeling economic activity in Puerto Rico, is fundamental to efficient and effective decision-making processes. Consequently, the failure to do so in Puerto Rico, in both the public and private sectors, bears high costs which can be observed in the inefficiencies of each sector decision making. Based in economic theory as well as statistical and mathematical information processes, this paper presents an alternative method for modeling economic activity.

Key words: Forecast, mathematical and statistical methods

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Una nueva propuesta para modelar y proyectar la actividad económica en Puerto Rico

“Las definiciones y procedimientos formales
surgen de la investigación de problemas prácti-
cos.”

El método de Arquímedes

Introducción

Actualmente, los modelos econométricos principales utilizados en Puerto Rico, para analizar la estructura de la Isla y proyectar las variables macroeconómicas principales se basan en sistemas de ecuaciones simultáneas. Como método de estimación se utiliza la técnica de mínimos cuadrados ordinarios. Sin embargo, casi todos los años estos modelos son criticados y, por ende, las proyecciones a corto y largo plazo de las variables macroeconómicas principales en la Isla. Las críticas van desde las consideraciones econométricas de los modelos y los efectos de la política pública en los parámetros del modelo, hasta la sobrestimación del crecimiento del Producto Nacional Bruto Real.

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Además, no se consideran aspectos importantes como la estabilidad de los parámetros a través del tiempo para así, por ejemplo, refutar la crítica de Lucas (Lucas, 1972, Lucas y Sargent, 1975), los supuestos de exogeneidad de las variables consideradas para hacer restricciones en los modelos, así como el orden de integración de las series, la corroboración de la existencia de relaciones a largo plazo, las estructuras de rezago y la dinámica del modelo (Eatwell, Milligate y Newman, 1990; Ericsson y Irons 1994; Banerjee, Dolado, Galbraith, y Hendry, 1993; Sims, 1975, 1986).

Cabe señalar que la utilización de modelos de ecuaciones simultáneas tiene una gran tradición en la econometría, en particular la tuvo durante las décadas de 1940 y 1950 (Galindo, 1995, 1997; Hendry, 1997; Spanos, 1986). Para ese tiempo, lo que se buscaba era crear un modelo que fuese tan preciso que pudiera responder ante cualquier eventualidad de índole económico y que tuviese la capacidad de analizar de manera precisa la evolución de las series macroeconómicas (Lucas y Sargent, 1975). El análisis se basaba en lograr el mejor ajuste estadístico. En particular, se intentaba que tanto la media como la varianza del término de error de las diversas ecuaciones econométricas en el sistema no mostrasen ninguna tendencia. De acuerdo al comportamiento del término de error en el modelo es que puede indicarse si un modelo puede ser utilizado o no (Maddala, 1996).

Sin embargo, a partir de la década de 1970 el uso de estos modelos ha sido muy criticado, en especial en el proceso de toma de decisiones de política pública. A raíz de lo anterior, se desarrollaron una serie de modelos uniecuacionales y multiecuacionales los cuales intentan resolver los problemas presentados por los modelos de ecuaciones simultáneas (Pankratz, 1995; Galindo, 1997; Sims, 1975, 1980, 1987, 1987; Enders, 1995; Sims, y Zha, 1998). Estos métodos de modelación matemática y econométrica forjan la base de la econometría moderna.

La econometría moderna puede definirse como el estudio sistemático de los fenómenos económicos utilizando la información teórica y empírica (Spanos, 1986, Galindo, 1995). Además, estudia estos fenómenos mediante la aplicación de métodos estadísticos a los datos observados.

Dado lo anterior, en este trabajo se propone un método nuevo, para proyectar y simular la actividad económica en Puerto Rico, en función de la elaboración de un marco conceptual general que incluye diversas metodologías de estimación como opciones particulares.¹ Las diversas visiones metodológicas pueden ordenarse de acuerdo a las siguientes dos líneas estratégicas (Galindo, 1995):

- i. Una posición epistemológica en cuanto al uso de métodos estadísticos en una ciencia no experimental;
- ii. Una posición sobre la patología de los estimadores y las pruebas econométricas a utilizar.

Para desarrollar este trabajo, en la segunda parte, se hace una comparación en cuanto a los supuestos de la econometría tradicional y la moderna, haciendo énfasis en el supuesto de especificación correcta y en la determinación del comportamiento del término de error en ambos métodos. En la tercera parte se presenta el desarrollo de la econometría moderna, la cual se propone como una alternativa a los problemas que presentan los modelos actuales. Por último, se presentan los comentarios generales.

El método tradicional y el moderno

Para generar cualquier tipo de modelo econométrico, hay que tener en cuenta que en un sistema económico existen un sinnúmero de interrelaciones complejas no lineales, interdependientes y multivariadas en las cuales los agentes intentan tanto optimizar sujeto a sus restricciones, como adaptar su comportamiento a situaciones cambiantes, donde la incertidumbre desempeña un papel fundamental. Por lo tanto, existen diversos procesos de ajuste dinámico a los errores pasados, formación de expectativas y choques aleatorios que condicionan el comportamiento económico general.

El uso de métodos estadísticos en una ciencia, en principio, no experimental puede justificarse utilizando los siguientes dos enfoques:

1. La teoría econométrica tradicional, la cual es la que se utiliza actualmente en Puerto Rico, asume el supuesto de especificación correcta, de tal manera que el uso de la estadística es justificado al incluir una ecuación a estimar el término de error con ciertas propiedades estadísticas. Esto permite el uso de la inferencia estadística y está sujeta a la crítica de Sims (1980) en cuanto a la inclusión arbitraria de restricciones en los parámetros.
2. La econometría moderna se asume como una ciencia no probabilística con errores de observación. Esto significa la adopción de un acercamiento probabilístico como el fundamento de la econometría. Lo anterior se origina con la conocida revolución de Havelmo. En este caso, el concepto de incertidumbre en los datos permite pasar de una ciencia determinística a una teoría estocástica.

La primera justificación, la tradicional, señala que dado el supuesto de especificación correcta, no existe un sesgo de especificación en el modelo econométrico utilizado. Si este supuesto se cumple, entonces el valor esperado del término error es igual a cero, el modelo es homocedástico, no hay autocorrelación y la covarianza entre el término de error y la(s) variable(s) independientes es igual a cero. En este caso, el término de error es una entidad independiente que permite incluir ciertas propiedades estocásticas a un modelo. Aspecto que justifica la búsqueda del mejor ajuste estadístico. Es decir, si el modelo cumple con los supuestos establecidos respecto al término de error entonces puede ser utilizado.

De acuerdo con la segunda justificación, la econometría moderna estudia de manera sistemática, mediante la información empírica y teórica, estos fenómenos considerando que (Galindo, 1995):

- i. La información empírica y la teórica tienen igual importancia;
- ii. Existe un proceso generador de información (PGI) el cual no es observable, pero se infiere a través del análisis de las características estadísticas y probabilísticas de los datos.

En este caso, la econometría moderna utiliza la inferencia estadística con datos no experimentales dado el supuesto de la existencia de un proceso generador de información (PGI). Los datos son considerados como una posible realización de este PGI, el cual se compone de una secuencia de vectores aleatorios (Spanos, 1986). Las series económicas pueden ser modeladas a partir de una distribución conjunta de probabilidades de las variables incluyendo el tiempo (Galindo, 1995). Dichas variables se asumen como independientes e idénticamente distribuidas. Por lo que, a diferencia de la econometría tradicional, en la econometría moderna, el término de error es sólo una entidad derivada de las propiedades estadísticas de las series.

La econometría moderna: una nueva alternativa

El objetivo de la econometría moderna es el de especificar y estimar un modelo estadístico que represente una aproximación adecuada del PGI. Por lo que hay que considerar los siguientes puntos que son fundamentales a la hora de generar un modelo econométrico (Galindo, 1995; Hendry, 1995):

1. La información teórica se encuentra, normalmente, sintetizada en una formalización matemática conocida como el modelo teórico. Los conceptos teóricos no coinciden, por lo general, con la información estadística disponible,
 - El modelo teórico debe transformarse en uno estimable, el cual es especificado en cuanto a las variables observadas.
 - * Pueden existir diversas versiones estimables de un modelo teórico
 - Esto explica la existencia, en muchos casos, de evidencia contradictoria sobre un modelo teórico.
2. La información empírica se resume en las propiedades estadísticas capturadas en los modelos probabilístico y muestral,
3. El mecanismo estadístico general (MEG) es una formalización probabilística que contiene la información muestral elaborada para

analizar el modelo a estimar y representa una primera aproximación del PGI. El MEG está compuesto por el modelo probabilístico y el modelo muestral. El MEG tiene las siguientes características (Galindo, 1995; Spanos 1986; Hendry, 1995; Hendry, 1997):

1. Es un modelo en su forma reducida sin incluir ninguna restricción en los parámetros.
2. Postula una combinación consistente entre la especificación teórica inicial, que representa ya una selección de variables relevantes y la proposición acerca de la estructura estocástica del proceso.
3. La inferencia estadística se realiza a través del estudio de las propiedades de la distribución conjunta de las variables aleatorias.
-Postula un determinado proceso estocástico como una aproximación del PGI.
4. Transforma la incertidumbre acerca del PGI en la incertidumbre de la estimación de unos parámetros desconocidos.
-Incluye la noción de probabilidad e incertidumbre en el modelo econométrico mediante la inclusión de un conjunto de parámetros desconocidos de una familia de funciones de densidad de probabilidad.
5. Es definido directamente en cuanto a las variables aleatorias y no solamente respecto al término de error.
-Las propiedades estadísticas del término de error se derivan naturalmente de las propiedades estocásticas de las series económicas.
6. Del MEG se obtiene un modelo econométrico mediante diferentes reparametrizaciones, transformaciones y reducciones del espacio paramétrico.

En términos generales, el PGI puede representarse como un proceso estocástico con una distribución probabilística infinita:

$$(1) F(X_{t1}, X_{t2}, \dots, X_{tn})$$

En esta ecuación cada X_{it} representa una variable aleatoria en el periodo t . Por cuestiones operacionales debe reducirse el número de parámetros desconocidos, los cuales definen al proceso estadístico. Esto se realiza utilizando la teoría y la información provista por los datos. La importancia que se le dé a cada variable conduce a diversas formas de modelaje econométrico. No obstante, la reducción de parámetros se realiza siguiendo los siguientes puntos (Galindo, 1995):

1. La información teórica y la reducción del número de parámetros— La teoría económica sugiere una selección de variables relevantes sobre un fenómeno económico dado. Esta información dada por la teoría se incorpora en el modelo estadístico mediante la reducción del número de variables en consideración y/o condicionando el valor de algunos parámetros. Por lo tanto, la teoría económica proporciona argumentos necesarios, los cuales ayudan a definir la distribución condicional del fenómeno económico que se esté estudiando y reduce el espacio paramétrico indicando cuales son las funciones de probabilidad irrelevantes. Quiere decir que un mejor conocimiento de la teoría implica una mejor especificación del modelo condicional y una reducción en el número de parámetros a estimar, aumentando así la eficiencia de las estimaciones.
2. La información teórica y la reducción de parámetros – También puede utilizarse la información empírica para reducir el espacio paramétrico. Sin embargo, esto sucede cuando el proceso estocástico satisface las siguientes condiciones:

a. Simetría:

$$(2) F(X_{tj}, \dots, X_{tn}) = F(X_{ti}, \dots, X_{tm}), \text{ donde } j \text{ y } m \text{ representan cualquier permutación de } i \text{ y } n.$$

b. Compatibilidad:

$$(3) \lim_{X \rightarrow \infty} F(X_{tj}, \dots, X_{tn}) = F(X_{tj}, \dots, X_{tm-1})$$

Un proceso estocástico que cumple con las condiciones de simetría y compatibilidad, puede reducirse al imponerse determinadas restricciones en los parámetros desconocidos, de tal manera que las series económicas puedan representarse como un proceso m-dependiente (Spanos, 1986). Las restricciones más comunes son las siguientes (Spanos, 1986; Galindo, 1995):

1. Restricción de heterogeneidad del proceso en el tiempo² - Al ser el proceso estocástico definido:

$$(4) F(X_{t_1}, \dots, X_{t_n}) = F(X_{t_1+n}, \dots, X_{t_1+n+m}),$$

El proceso estocástico es estrictamente estacionario, ya que su función de distribución no cambia con el tiempo, por lo que su media y varianza se mantienen constantes a través del tiempo. En un proceso estacionario los vectores aleatorios se distribuyen idénticamente con homogeneidad en el tiempo;

2. Restricción en la memoria del tiempo - En esta restricción las relaciones entre X_{t_i} y X_{t_j} disminuyen a medida que la diferencia entre i y j aumenta. Esto se observa en las series cuando el proceso estocástico es asintóticamente no-correlacionado y la función de autocorrelación tiende a cero a medida que la distancia entre i y j aumenta.

PGI y MEG

Según la sección anterior, la reducción de parámetros utilizando la teoría económica o las propiedades de las series son las herramientas esenciales para que el MEG sea una representación adecuada del PGI. Por lo tanto, el MEG representa una función de probabilidad condicional con un número finito de parámetros, contrario a los modelos econométricos tradicionales que utilizan una función de probabilidad incondicional, la cual es descrita por un número infinito de parámetros.

Esta reducción supone que el MEG puede aproximarse por la factorización de una secuencia de variables aleatorias distribuidas

idénticamente (Hendry, 1983). Lo anterior se hace mediante la descomposición de la función conjunta de densidad del producto, las funciones de densidad condicional y la función marginal (Spanos, 1986; Galindo, 1995). Esto es válido sólo en el caso de que las variables aleatorias que generan una muestra aleatoria sean independientes y distribuidas idénticamente y que se cumpla la condición de exogeneidad débil en algunas de estas variables. Para convertir el PGI en un MEG, éste puede representarse como una función la cual transforma un conjunto de variables condicionadas a un determinado conjunto de información en un modelo que determina las variables endógenas en función de las variables exógenas y margina las variables no relevantes (Galindo, 1995; Spanos, 1986):

(5) $f(w_{it} | \Phi) = f(y_t, z_{it}, x_{it} | \Phi) = \pi(y_t | y_{t-1}, z_{it}, x_{it} | \Phi_1) \pi(z_{it} | x_{it} | \Phi_2) = \pi(y_t | \Omega, \lambda)$
 donde:

w_{it} representa las variables aleatorias;

Φ es el espacio paramétrico del PGI;

y_t son las variables endógenas;

z_{it} son las variables exógenas;

x_{it} son otras variables a considerar;

Ω es el conjunto de información disponible.

λ es la transformación de Φ necesaria para que se de la factorización y, por ende, el proceso de marginalización y distribución condicional. En este caso los parámetros de Φ se mantienen constantes y son ortogonales a Ω .

Por lo tanto, el comportamiento de λ es relevante para aceptar que las variables en z_{it} son exógenas. Esto se considera una respuesta a la crítica de Lucas, ya que los parámetros se mantienen constantes a través del tiempo (Charemza y Deadman, 1992).

El primer término de la derecha de (5) indica que se puede obtener una distribución condicional del PGI con respecto a un subconjunto de variables, mientras que el segundo supone que es posible aproximar esta función de probabilidad mediante una distri-

bución condicional y su función marginal correspondiente. Lo anterior implica que las variables endógenas son condicionadas por las variables exógenas (Granger, 1990).

La utilización de las distribuciones de probabilidad y su marginalización permite al espacio paramétrico convertirse de un conjunto de parámetros desconocidos a los coeficientes estimables de λ . Cabe la posibilidad de que los λ 's no sean necesariamente constantes, sin embargo, la distribución de probabilidad permite aislar la parte sistemática de aquella no sistemática y permite caracterizar el proceso estocástico como una combinación del conjunto de parámetros constantes y del término de error (Galindo, 1995). De esta manera, el modelo de probabilidad condicional conduce a varios métodos de estimación particulares en función de los supuestos adicionales que se establecen de acuerdo al comportamiento probabilístico de las series. Entre estos métodos se encuentran el método gaussiano, el de mínimos cuadrados ordinario y el dinámico lineal, entre otros.

El modelo de probabilidad condicional puede representarse como uno de regresión lineal que incluya los supuestos de linealidad y normalidad (Spanos, 1986).

$$(6) \quad y = s_t + e_t; \quad s_t = E(y_t | \Omega)$$

En esta ecuación s_t es la parte sistemática del proceso estocástico y e_t es la innovación, representando la parte no sistemática del proceso. En este caso, tanto s_t como e_t son definidas de acuerdo a un conjunto de información (Ω). El término de error (e_t) incorpora la parte no modelada del proceso estocástico y debe considerarse como una entidad derivada, en lugar de una entidad autónoma como lo hace la econometría tradicional. Por lo que, e_t es un resultado de la satisfacción de ciertos criterios preestablecidos en la modelación y tiene las siguientes propiedades:

$$(7) \quad E(s_t, e_t) = 0$$

$$(8) \quad E(e_t) = 0$$

$$(9) \quad E(e_t^2) = \sigma^2$$

$$(10) \quad E(e_t, e_{t-1}) = 0$$

Cuando hay una simplificación excesiva, para la econometría tradicional las series son no aleatorias por lo que es el término de error el que incluye las propiedades estadísticas. Para la econometría moderna, las mismas series contienen determinadas propiedades estocásticas.³ Por lo que, en la econometría moderna, lo que se analiza es que la media y la varianza de las series se mantengan estables a través del tiempo. Lo anterior permite hacer uso del teorema de Wold el cual señala que una serie estacionaria puede representarse como la suma de un componente determinístico y uno indeterminado (Cuthbertson, Hall y Taylor, 1992). Además, se hace énfasis en el uso de propiedades que tienden a ser insesgadas en muestras pequeñas. Es decir, el uso de series económicas estacionarias y las propiedades de cointegración.

Por lo que, la econometría moderna define un modelo general el cual permite, dado unos supuestos, el uso de diversos métodos econométricos aplicados a series económicas sin tener que suponer el teorema de especificación correcta de la econometría tradicional (Galindo, 1995; Spanos, 1986). Dado que el modelo de regresión lineal se define como:

$$(11) \quad Y_t = \beta' X_t + \varepsilon_t$$

se deben satisfacer los siguientes supuestos (Spanos, 1986; Galindo, 1995):

1. La parte sistemática del fenómeno de estudio puede modelarse como una función de probabilidad condicional:

$$(12) \quad s_t = E(Y_t | \Omega) = \beta' X_t$$

por lo que no existe información adicional en X_t que explique el comportamiento de E_t ;

2. Los parámetros de interés (Φ_1) son β y σ^2 . Los mismos son definidos mediante el procedimiento de estimación y señalan que una serie económica puede estar caracterizada, en términos estadísticos, a través de su media y varianza. Ambas deben permanecer constantes a través del tiempo. Esto se estudia en

la literatura econométrica moderna, mediante el análisis del orden de integración de las series y la existencia de raíces unitarias en el proceso autorregresivo de la serie. De esta manera se define un proceso como no estacionario cuando los momentos de primer y segundo orden son función del tiempo. Un proceso estacionario es uno en el que el comportamiento de los momentos de primer y segundo orden son finitos e independientes del tiempo. En este caso, la asociación entre sus diferentes realizaciones depende solamente de la distancia y, no de la posición del tiempo. Un proceso estocástico es estacionario si:

$$(13) \quad E(Y_t) = \bar{Y} \quad \forall t$$

$$(14) \quad \text{Var}(Y_t) < \infty \quad \forall t$$

$$(15) \quad \text{Cov}(Y_t, Y_{t+k}) = E[(Y_t - \bar{Y})(Y_{t+k} - \bar{Y})]$$

3. X_t es exógena débil respecto a Φ_1 . Quiere decir que los parámetros son invariantes en el tiempo, ya que las variables exógenas del modelo no contienen información adicional que modifique el valor de los parámetros estimados (Galindo, 1995);
4. El modelo a estimar no debe incluir restricciones sobre Φ_1 las cuales no se encuentren fundamentadas por la teoría económica ni por el conjunto de información disponible;
5. Las variables a utilizarse no son perfectamente colineales. Es decir, que el rango de $X_t = k$ para toda $N > k$ donde N es el tamaño de la muestra y k el número de parámetros;
6. Las series estocásticas pueden ser definidas como normales e idénticamente distribuidas con media cero y varianza constante. Es decir:

$$(16) \quad D(Y_t | X_t; \varphi)$$

$$(17) \quad E(Y_t | X_t = x_t) = \beta' X_t$$

$$(18) \quad \text{Cov}(Y_t | X_t = x_t) = \sigma^2$$

En este caso el modelo probabilístico se define para una distribución normal como (Spanos 1986; Galindo, 1995):

$$(19) \quad \psi(DY_t | X_t; \varphi) = \left\{ \frac{1}{\sigma} \left[2\pi \frac{1}{2} \left(\exp\left(-\frac{1}{2}\sigma^2\right) (Y_t - \beta' X_t) (Y_t - \beta' X_t) \right) \right] \right\};$$

7. Los parámetros a estimar son invariantes en el tiempo, lo que permite que las series económicas puedan ser representadas por un conjunto finito de parámetros. Este supuesto está estrechamente vinculado al supuesto (4);
8. Y_t es una muestra independiente obtenida de forma secuencial en donde se considera válido el modelo de probabilidad condicional dado por (16).

El análisis de validez de estos supuestos se realiza mediante las pruebas de especificación. Estas pruebas se concentran, básicamente, en el análisis del término de error o proceso de innovación, cuyo comportamiento resulta de satisfacer ciertos criterios preestablecidos en el proceso de modelación (Galindo, 1995). Sin embargo, desde el punto de vista metodológico, hay que hacer una distinción entre las pruebas de especificación de un modelo y los criterios de selección o pruebas sobre un modelo econométrico final (Spanos, 1986). Esto es independiente de que las pruebas econométricas puedan ser similares en ambos casos.

Pruebas de diagnóstico

En la econometría tradicional se señala que los modelos de regresión son propensos a diversos errores posibles en cuanto a la inclusión u omisión de variables irrelevantes y de variables relevantes. Esto se refleja en problemas como los de autocorrelación y heterocedasticidad. Cualquier patrón inusual de los residuos es de suma preocupación en la econometría tradicional. Por lo tanto, es esencial corroborar si un modelo, el cual se asumió de antemano que está especificado correctamente, tiene problemas de especificación. Para esto, se realiza un diagnóstico de regresión utilizando la prueba de los residuales *studentizados* o la prueba DFBETAS. También se realiza una prueba de diagnóstico para el error de medición cuando se considera que el término de error está correlacionado con otra variable. En este caso, como se parte de un modelo que se especificó como correcto, se comienza de lo específico a cualquier otra cosa con tal de que los errores tengan el comportamiento esperado.

En la econometría moderna, las pruebas de diagnósticos pueden definirse como aquellas que se realizan en el modelo econométrico final para asegurarse que las transformaciones y reparametrizaciones del modelo no fueron obtenidas por el supuesto de especificación correcta. El modelo estadístico general se utiliza como marco general para realizar la selección del modelo econométrico final. Este proceso se compone de diversas transformaciones y reparametrizaciones del MEG y se conoce como el método de lo general a lo específico (Charemeza y Deadman, 1992). Es decir, se comienza con un modelo sobreparametrizado, el cual se reparametriza en variables casi ortogonales, las cuales pueden interpretarse de manera teórica. Luego, se hace la evaluación del término de error.

Los criterios para aceptar un modelo econométrico como una aproximación adecuada del PGI se basan en las pruebas de diagnóstico presentadas en el Cuadro 1 (Maddala, 1996; Galindo, 1995, Spanos, 1986):⁴

Cuadro 1
Pruebas de diagnóstico utilizadas en la econometría moderna

| Crterios | Prueba(s) general(es) | Prueba(s) particular(es) |
|-----------------------------|--|--|
| 1. Coherencia con los datos | Coficiente de determinación Autocorrelación Heterocedasticidad | R ² Durbin Watson, H-Durbin, LjunBox, Multiplicadores de Lagrange, Box-Pierce. White, Ramsey-Reset, Glesjer, Goldfeld Quant, Breush-Pagan. |
| 2. Exogeneidad | Asuman | |
| 3. Modelo admisible | Normalidad Cambio estructural | Jarque-Bera CUSUM, CUSUMQ, Chow, Chow predictiva |
| 4. Restricciones válidas | Teoría económica | General a lo específico |
| 5. Teoría económica | Valor de coeficientes | |
| 6. Englobamiento | Pruebas de varianza | Prueba J |

El primer criterio señala que el modelo debe producir adecuadamente el comportamiento de los datos. Quiere decir que la varianza del modelo debe representar una proporción reducida en referencia a la parte explicada del conjunto de variables (Galindo, 1995).

También se exige que el modelo no tenga autocorrelación ni heterocedasticidad. Esto se da por tres razones principales:

1. Estas dos condiciones representan un indicio de que aún existe información que no ha sido explicada por las variables ya incluidas;
2. Esto implica una nueva búsqueda de una especificación más general;
3. Éstas representan factores potenciales que nos pueden alejar del cálculo de estimadores lineales insesgados con varianza mínima, a excepción del método CONFACT el cual permite obtener estimaciones más eficientes aprovechando la presencia de autocorrelación.

Un comportamiento o patrón sistemático del término de error puede analizarse en los siguientes dos niveles:

1. La condición débil, en la cual se prueba la presencia de autocorrelación;
2. La condición fuerte, en la cual se analiza si el término de error es predecible por su comportamiento pasado o de las otras variables en el modelo, o si es un ruido blanco.

El segundo criterio señala que si se cumple con el supuesto de exogeneidad, el proceso de probabilidad condicional realizado tiene validez. Por lo que, el conjunto de parámetros de interés contiene toda la información relevante del modelo y al ignorar Φ_2 no se pierde información significativa. En este caso, los estimadores de MCO son consistentes ya que no existe relación entre las variables independientes y el término de error. Como la condición de exogeneidad implica estabilidad en los parámetros ante cambios en política económica, representa una solución a la crítica de Lucas (Hendry, 1997). La constancia de los parámetros es consistente con el supuesto de exogeneidad débil, el cual es fundamental para que se cumpla con el de exogeneidad fuerte (no causalidad en el sentido de Granger) y el de superexogeneidad (pruebas de cambio estructural explicadas en el tercer criterio).

Dados los primeros dos criterios, el modelo se encuentra en condiciones de realizar las proyecciones y simulaciones necesarias. De este modo, el tercer criterio establece que el modelo es admisible en cuanto a los datos suministrados.

Según el cuarto criterio, las restricciones en los parámetros deben ser consistentes con las impuestas por el modelo inicial. Además, debe guardar consistencia con la teoría económica, según lo indica el quinto criterio.

El modelo econométrico final debe tener la facultad de englobar o explicar resultados econométricos previos. Atendiendo el concepto de dominación de varianza y a la prueba *j*. Sin embargo, la instrumentación de esta prueba es muy compleja, ya que los modelos econométricos tienden a diferir por razones diversas, entre éstas:

- Distintas bases de datos;
- Uso de series con o sin estacionalidad;
- Diferentes transformaciones de los datos;
- Diversas formas funcionales;
- Distintas formas dinámicas;
- Diferentes métodos de estimación;
- Diversas concepciones sobre las pruebas de diagnósticos.

No obstante, el criterio de englobamiento incluye el criterio de Ockham el cual establece que en igualdad de condiciones debe escogerse el modelo más simple (Galindo, 1995). Una vez el modelo econométrico final satisface las condiciones anteriores se considera como uno congruente.

Conclusiones

Las proyecciones de las principales variables macroeconómicas diversas en Puerto Rico se basan en el uso de un sistema de ecuaciones simultáneas. Estos modelos han sido muy criticados ya que presentan los mismos problemas que los modelos estructurales en la década de 1970, los cuales provocaron una revisión profunda de las bases de la econometría y sus métodos de estimación.

Esto no se ha realizado hasta el momento en la Isla y se está, por tanto, muy rezagado.

Esta revisión se basó en dos puntos principales: la metodología de la econometría moderna y la patología de los estimadores. Un cambio fundamental es que se presume que la econometría funciona con series estocásticas que se generan por un proceso generador de información. En este caso, el término de error es sólo una entidad derivada de las propiedades estadísticas de las series, en lugar de un término independiente que permite incluir ciertas propiedades estocásticas a un modelo.

Lo anterior implicó el uso de las propiedades de las series como un conjunto de información y que el modelo final debe satisfacer ciertos criterios para ser uno congruente. Esta metodología enfatiza las propiedades estadísticas que validan el uso de las estimaciones por mínimos cuadrados ordinarios, al incluir un conjunto de pruebas estadísticas que convaliden el uso de ciertos tipos de estimación econométrica.

Se recomienda el diseño de modelos nuevos, altamente basados en la metodología econométrica moderna, para analizar y proyectar la actividad económica en Puerto Rico, ya que aspectos como los antes mencionados son fundamentales, no llevar dicho análisis correctamente puede conducir a conclusiones erróneas en términos de la toma de decisiones. Este planteamiento es clave en cualquier modelo que utilice series de tiempo.

Notas

¹ En este caso, la validez de un método econométrico se define en función a la evidencia empírica y al propósito específico para la cual se utilice.

² Heterogeneidad en el tiempo implica que la distribución de probabilidad conjunta depende del tiempo (Galindo, 1995; Hendry, 1997; Spanos, 1986).

³ Esto puede verse al analizar el sesgo de los estimadores obtenidos por mínimos cuadrados ordinarios (MCO). Puede hacer referencia a Maddala (1996) y Spanos(1986).

⁴ Dichos criterios no son presentados en orden de importancia.

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Abstract

Which Way Now? - Second/Third Generation Asian Business Entrepreneurs

The “growth” of Asian enterprises has been a much commented feature of the small business population. Asian entrepreneurs have been eulogized by the popular press keen to laud free enterprise heroes. More detached academic commentary has also sought to identify the key success factors for this entrepreneurial minority. This paper seeks to explore the role of the second/third generation of British Asian entrepreneurs who were brought up and educated in the UK. In order to analyze the position of second/third generation Asians in business, a series of qualitative interviews were undertaken with 10 respondents, five men and five women. The questions asked focus upon second generation banking, management style, use of technology and expansion.

This paper sheds light on a number of neglected issues within the increasingly important area of ethnic entrepreneurship. First a clearer picture will emerge of the roles, responsibilities, vision and practices of this new generation of entrepreneurs. Second, methodologically the paper will be novel in so far as the gender and ethnicity issues are both taken into account. Half the respondents are women. Hence the study also aims to examine the hitherto neglected issue of women’s experiences in managing enterprises. Finally, policy makers are increasingly reminded to appreciate the need of the diversity of ethnic minorities in business.

Key words: Ethnic Minority Businesses, UK SME’s, Asian Entrepreneurs, Second and Third Generation Business People, UK Businesses.

Resumen

¿Hacia dónde vamos? Segunda y Tercera generación de empresarios asiáticos en el Reino Unido

Esta investigación explora el rol de la segunda y tercera generación de empresarios asiático-británicos nacidos y educados en el Reino Unido. La herramienta de investigación que se empleó consistió de entrevistas cualitativas a una muestra de 10 participantes: 5 hombres y 5 mujeres. Se les administró un cuestionario que incluyó temas sobre la generación de la banca, estilos gerenciales, uso de tecnología y la expansión. Además, se incluyó el tema sobre los conflictos entre fundadores y sucesores.

La investigación arroja luz sobre varios aspectos desatendidos en el empresarismo étnico, como son los aspectos sobre género y etnicidad. La mitad de los participantes fueron mujeres, con lo que se pretendió explorar la participación de éstas en la administración de empresas, tema que no se había estudiado hasta el momento. Entre las recomendaciones, se insta a todos los que ostentan el poder decisonal, a reconocer la importancia de la diversidad de las minorías étnicas en los negocios.

Palabras clave: Empresas de Minorías Étnicas, Pequeñas y Medianas Empresas Británicas, Empresarios Asiáticos, Segunda y Tercera Generación de Empresarios, Negocios Británicos.

*Dr. Spinder Dhaliwal**

Second/Third Generation Asian Business Entrepreneurs in the UK**

Introduction

Asian entrepreneurs have been eulogized by the popular press keen to laud free enterprise heroes. But can the entrepreneurial success and effort of the first generation of immigrants be repeated, or has the process of acclimatization and assimilation gone so far that the cutting edge of entrepreneurial flair has been blunted. The first generation migrants arrived in the late 1960's and early 1970's. The 'second generation' were brought up and educated in Britain.

The first generation established an environment at home and works where their traditions and values could operate leading to their comfort and security. This approach survived as the culture was heavily interwoven with religious beliefs and there was also no need to integrate with the wider host population. There was great emphasis on the importance of the family unit and the wider community network and children were brought up to respect their elders through duty and obligation. There was an intense relationship between the first generation entrepreneur and his business originating from the

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push/pull factors for starting business. The long hours, mentally and physically led to emotional ties with the business. The entrepreneur in many cases spent more time with the business than the family (Janjuha and Dickson 1998).

The next generation, however, were brought up in the West and exposed to two conflicting cultures. There were influences from their schools, the media, and peer groups. The West promotes independence while the Asian culture promotes duty and respect and, for women in particular, passivity. Problems occur when work and home merge. The younger generations are more integrated with the wider population and therefore have very different experiences from their parents. The older generation closed ranks on outsiders and relied heavily on advice from the community or ethnic professionals e.g. Asian accountants. The elders seek community although cautiously and with a touch of envy, youngsters are resistant even hostile (Gidoomal 1997).

Relevant Literature

Issues of first generation Asians included 'push' and 'pull' factors such as escaping discrimination and enjoying independence (Dhaliwal 2000, Dhaliwal and Amin 1995, Ram 1992, Ram and Jones 1998). Many businesses were set up as a cohesive family strategy. They kept the family members together and in employed. Furthermore, they enjoyed the status of being 'business' people which carried weight in the community. This was particularly the case with East African Asians trying to recapture the self-esteem they lost as they were forced to leave their businesses behind to become an unwelcome minority in the UK. The businesses compensated to some degree for the lack of respect from the wider community (Gidoomal 1997).

Cultural characteristics to success for the first generation entrepreneur include thrift, hard work and reliance on family labors (Werbner 1990, Waldinger *et al* 1990)). These give Asian entrepreneurs a competitive edge on other businesses (Soar 1991). Cultural factors may restrict growth by creating excessive reliance on the local ethnic community market, informal sources of finance and family-controlled businesses (Jones *et al* 1992, Metcalf *et al* 1996, Ram

1994, Basu 1999). Basu (1999) analyzes the relationship between long-term growth and four categories of variables - cultural factors, socio-economic factors, background characteristics and expansion strategies. She finds that working long hours, exploiting family labors and serving co-ethnic population is a simplistic explanation of a much more complex reality. Undue reliance on family labors may jeopardize business growth. Similarly, excessive reliance on serving the co-ethnic market will also stunt business expansion. Business growth is positively related to the entrepreneur's educational attainment, prior business or professional experience, personal financial commitment in starting the business and negatively related to reliance on bank finance at start-up.

Ethnic Minority Business (EMB) tend to be concentrated in low entry thresholds, low value-added activities, which often present limited opportunities for market expansion through the development of non-local sales. There is a need to target younger and second generation entrepreneurs to facilitate more EMB start ups in higher value-added activities (Ram and Smallbone 2000).

There has been much discussion on the use of formal and informal networks by the Asian business community (Ram and Jones 1998, Basu 1999) and its dependence on both community and family for custom, labors and decision making. There was the ultimate desire to give their children a better future (Dhaliwal 2000). Many business people have aspirations for their children to become professionals and well educated and to have better opportunities and choices.

The next generation indeed did achieve this professional status and many graduated from UK Universities. However, many have opted out of employment and into self-employment. Businesses, the economy and Asian entrepreneurs have now evolved from the first generation immigrant. They are more sophisticated, better communicators but have fewer family members to depend on. They are aware of their worth as economic units of labor and realize the value of their graduate salaries. The study, however, reveals a greater degree of complexity than the first generation model. There is a clash of cultures from the first to second generation with the second generation wanting to strike out independently and build a business similar to the family business, but without the need to do things *the*

way one's parents did them. There is generally less resistance to outside help and businesses have evolved generally so marketing, human resource management and information technology play a crucial role as opposed to the over dependence on family labor with its long hours. Factors such as obligation and the role of the community have changed thus presenting an excellent opportunity for outside support agencies.

Examples of successful second generation Asian entrepreneurs include Shami Ahmed from the Legendary Joe Bloggs Company, who developed his father's existing garment business taking it forward by developing a brand name and modernizing it with Western business practices. Another, more recent, example is that of the Suman Marriage Bureau whereby the business has developed from its starting point of being a traditional matchmaker within the Asian community to an internet, on-line service instigated by the son coming into the business and modernizing it, having realized that the old business was failing as social traditions amongst young Asians changed.

Conflicts between generations arise as the family boardroom becomes the arena of struggle between one generation's entrepreneurial instinct and a new generation's paper qualifications in management (Gidoomal 1997). The transition from one generation to the next leads to conflicts and tensions between the Firm, Founder and Successor (Janjuha and Dickson 1998). Asian businesses find it difficulty to move from growth stage to maturity. This is common with most family businesses but the cultural dimensions add to the complexity of change. Problems arise when the young entrepreneur wants to take a much more professional approach to business and wants to bring into the family firm outsiders whose suggestions involve radical changes in hallowed procedures.

First generation Asians prefer to go first to their own networks for funding, secondly to Asian banks and only as a third choice to British banks (Gidoomal 1997). Traditionally, the quality of service, efficiency and specialist expertise were not the reasons, the real issue was because they spoke the same language. The first generations had difficulty communicating their needs and were unfamiliar with the way things were done in the UK. "*We're from the same village*"

is not enough to run a business by. UK banks were limited and did not understand or facilitate expansion. The first generation themselves never understood the UK market place and were impatient. *“If you don’t get the right support at the right time you miss the opportunity and these do not come back”*. The old adage *“Time is of the essence”* was particularly poignant for this group. The old Asian values of trust and integrity are essential. According to Shami Ahmed, *“Lenders in the UK could be more flexible. International banks understand you better because they are used to dealing with communities where trust and track record matters more than the specific figures on your bank balance.”*

Shami Ahmed of the legendary Joe Bloggs company is an example of a peaceful leaving of the nest with the support and encouragement of his parents. His father ran a cash and carry, with *typical* Asian reserve, playing his cards close to his chest, revealing as little as possible of his plans, his business decisions, even his assets. It was partly modesty, and partly because like many Asians he came from a country where corruption in business was common and it was good commercial sense to cover your tracks (Gidoomal 1997; Dhaliwal and Amin 1995). That approach is not conducive to good business practices today. Shami’s whole business depends on the name Joe Bloggs being marketed and known with maximum exposure in advertising, the media and entertainment. *“Branding is communication”*. Shami claims, *“The biggest failure is that Asians do not know how to market themselves.”* Communication and information are vitals, his company enjoys an open style of management, reflected in the young, dynamic staff he employs. He employs large numbers of people from outside their ethnic minority community. His success lies in the traditional Asian family values of persistent hard work, determination and having an eye for the main chance. This second-generation company looks likely to avoid many of the problems that earlier generations faced: succession, professionalization, generational conflict and much more.

The first generation moved into business due to push factors whereas second and third generations place a greater significance on the pull factors (Chavan and Agrawal 2000). Chavan and Agrawal have identified a “productive diversity factor” where EMB are now beginning to recognize the economic benefits and opportunities that

lie in multiculturalism. They are gaining competitive advantage by capitalizing on their linguistic skills, cultural knowledge and business contacts of migrants and ethnic communities. The first generation placed a greater importance on economic necessity and unemployment (push factors), the second and third generations are placing a greater importance on the opportunities that exist within the UK for doing business and links to the country of origin (pull factors). Therefore entry into business is a positive choice not at last resort.

The Female Entrepreneur

Past research shows that Asian women are not strongly represented in self-employment. Jones *et al* (1992) found that 75% of their sample of 403 was male. Metcalf, Modood and Virdee (1997) found a similar proportion in their sample of 129 people. This is still higher than in earlier studies (Aldrich *et al* 1981) where women were absent. Jennings and Cohen (1993) assert that figures are misleadingly low as there is a tendency for some women entrepreneurs to be “invisible”, their existence unacknowledged. This is certainly true of the ‘hidden’ women interviewed in Dhaliwal’s study (1998) where the women interviewed openly say it is their husband, father or brother who run the business thus masking the extent of their role even when playing a pivotal role in the management of the business (Ram and Jones 1997; Ram 1992; Phizacklea 1990).

One of the main reasons given in writings on the subject is that many EMB go into self-employment as a response to “blocked upward mobility” (Ram and Jones 1998). This is truer for women who face the double disadvantage of race and gender. Motives for entry were the desire to avoid racial discrimination and the resulting confinement to low status jobs in the labour market (Aldrich *et al* 1981) or for women confinement in the home. “Push” factors include unemployment, underemployment, job dissatisfaction and/or blocked opportunities, and often for women no opportunities at all. The status argument is strong for men and family businesses (Srinivasan 1992 and 1995) and entrepreneurs are seen as successful role models within their community (Dhaliwal and Amin 1995). The status

argument appears stronger for women (Dhaliwal 1998; 2000) despite their relatively low power base within the enterprise.

It is clear that there are distinctive issues faced by Asian women and their families can help or hinder them. In the study *Silent Contributors - Asian Female Entrepreneurs and Women in Business* (Dhaliwal 1998;2000) found that children play a crucial role for these women and are their first priority. The driving force to go into entrepreneurship was as a reaction to their children needing less of their time. The women wanted to utilize their skills and have some worthwhile purpose in the lives. These women rely heavily on family members, normally the husband, for any key business decisions and financial decisions. Their independence as businesswomen is always with the tacit 'consent' of their families, particularly their husbands.

Research Methodology

This paper is based on a qualitative study of 10 interviews conducted between January- April 2001. The entrepreneurs are of South Asian origin (Indian, Pakistani, Bangladeshi or East African) and were brought up and educated in Britain. They have an ownership stake in the business and either wholly or partly owns the business. The respondents were approached firstly through personal recommendations. This is a good way to achieve interviews with a population which is difficult to enter and does not 'trust' easily. In order to gain depth of information from this difficult population, this was deemed the best approach. The next step was that a snowballing technique was used by asking respondents for names of eligible entrepreneurs. This method proved useful in gaining access to potential respondents within this difficult defined population. All of the respondents were located in the South of England. The sample is representative of many other second/third generation businesses across the country.

The businesses in this study are small, relatively low value-added and require a lot of labor. They are similar to traditional first generation businesses such as retail shops. This enabled questions regarding motives for entry to be more pertinent as the second generation have more choice of career and opportunity.

Face to face interviews lasting about one hour on average where both closed and open-ended questions were asked. All of the interviews were conducted at the respondent's business premises at their convenience. Firstly, the respondents were asked structured questions such as their age, education, family background. Once the demographics and background were established and the owner was more comfortable with the interviewer, the interview progressed to more open-ended, semi-structured questions which asked respondents about their motives for business entry; the role of their families at both the start-up stage and subsequent management of the business and the factors which facilitated and inhibited their business. The respondents were able to elaborate on these questions and also discuss their current business challenges and their hopes for the future.

The interviews were taped and then key elements were abstracted. The partial transcripts then enabled the main themes to emerge.

Findings

Table 1: Males

| | | | | | |
|---------------------------------|---------------|--|---|---------------------------------------|---------------------------------------|
| Business | Newsagent | Pharmacist | Hardware Shop | Garage (car repairs, tires) | Kiosks - confectionary |
| Age-owner | 42 | 43 | 48 | 24 | 34 |
| Education | Degree | Degree +Professional Training | Accountant | No formal, mechanic training | Diploma - computing |
| Motivate for Entry | Peer Pressure | Effort and hard work not rewarded in paid employment | Independence; lack of opportunity at work | Independence Hated working for others | Took over family business from father |
| Employees | 2 f/t | 5 f/t; 3 p/t | 3 p/t | Cousin (very p/t) | 1 f/t 6 p/t |
| Main Problems/Challenges | Hiring labor | Modernize; avoid bureaucracy | Avoid a fall in sales. Competition fierce | Long hours; Working alone | Expanding the business |

Findings - Men

Background

The ages of the respondents ranged from 25 and 50 years. Most of the respondents had family members in business, normally siblings. These more established siblings often facilitated entry into the business through financial and other advice and resources. *“My brothers had businesses so it was in our blood. It was the most natural thing to do.”* In many cases the idea of running a business is ingrained at an early age (Ram 1992), *“My father was a businessman in Kenya, so I was always business minded, I just needed the right opportunity.”*

The families of the men play a greater and more positive role in supporting the men and their businesses (Dhaliwal 2000, Basu and Goswami 1999), *“The family does help, we are well networked in the community and they give financial and other support, they look after my children.”* Their wives also are expected to put the business first, *“My family certainly helped me out in the beginning and taught me about the business. I got married and my wife has been a great support to me. She does the day to day running of the business and I try and develop my ideas to expand the business.”* Community support is expected and relied upon, *“I belong to the Shah community who are always willing to help.”*

Most of the respondents were well educated with degrees and professional qualifications. Some had training in their specialisms, which was less academic, but more relevant and vocational e.g. car mechanic.

Motive for entry

The motive for entry into business was almost always as a result of family and community pressure or of fulfilling family obligations and dreams, *“It was my dad’s ambition to own a shop”*. The community network was strong and efficient (Ram and Smallbone 2000) *“The community put me in touch with the previous owner of this pharmacy when word got out that I was looking for a business.”*

Many were disillusioned with their experiences in employment, *“I had worked in many pharmacies around the country, it was hard work, I’d rather put that effort into my own business”*; or *“I was really disappointed”*

explains another respondent who worked in industry prior to his move into the business, *"I felt I was discriminated against for being Asian in a white-dominated job."* This was in the Ministry of Agriculture. Many could not settle into careers, *"I did work but I got bored easily and I could not settle down."* Having control over your work was a major factor, *"I love the independence."*; and *"The biggest thing was that I did not like working for anyone. I was prepared to work eighteen-hour days for myself."* These findings reinforce earlier 'push' literature (Ram and Jones 1998, Ram 1994).

The families of the respondents both facilitated and hindered the development of the business. *"My family helped my decision to enter the business but they hinder progress, it's a constant battle of wits".* Attitudes to risk differ, *"They have old-fashioned mentality of running the business, but I want to take more risks. They put a lot of pressure on me so if my ideas don't succeed they say "we told you so".*" There is a heavy price to pay for being in business, *"We have strong family links. My family life suffers because of the business."* Finances are nearly always privately procured to start up the business, *"I used my savings to buy the business, I did not get a loan"*; and there is an expectation for the family to help any male child, *"I used my mothers money, well its all in the family."*

Finance

The respondents were very cynical about financial institutions, *"Banks give financial aid but it is always to their benefit not ours."* Another respondent is equally negative about banks, *"They call it a partnership but it is quite lopsided but without them you cannot expand. If there was an alternative I would go for it."* The first point of call is always personal and family money but for growth external sources of finance are essential (Gidoomal 1997). *"It is difficult to start up in business unless you have rich parents or relatives."* Another deterrent to external finance and support is the bureaucracy involved, *"When grants and aid are mentioned the paperwork to fill in the forms is ridiculous that I don't even try."* The respondents were angry that their efforts were not acknowledged by the bodies, *"We are creating employment all the time for the economy. But there has not been anybody who has come up to me and said thank you and how can we help you as well!"*

Main Challenges

Time and the amount of work are a constant challenge faced by all the respondents, *“I work 70 hours per week”*. There is, however, an attempt to ‘work smarter rather than harder’; *“We are slowly working towards more efficient labor management where we can go out more”*. The respondents are averse to the excessive bureaucracy and legislation surrounding their time-consuming enterprises. The pharmacist, for example, has to deal with professional (medical) accountability, National Health Service (NHS) regulations as well as employment legislation and regulation, *“My business and professional roles are in conflict. From a business perspective, there are employment regulations, Inland revenue forms, as a pharmacist there is clinical governance, new journals to read each week to keep abreast of the latest information. Being a pharmacist and a business man is a difficult marriage.”* Others echo similar issues, *“Employing people legally is a nightmare, there is so much paperwork to fill in, there are regulations for everything I spend more time filling in forms than running the business sometimes I wish I did not have to employ anyone.”* There is an enormous difference between employing people outside the family and getting help from family or community contacts, *“Employees must have regular breaks, lunch hours etc. The family members just juggled all this, it was never an issue.”* Employing workers appears to be the most stressful part of the business and is a great deterrent for expansion, *“The business has taken its toll.”*

Consequently, many businesses opt to remain small and in the owner’s control. One respondent had a very narrow customer base, *“Most of my customers are Asian cab drivers, I am totally reliant on them for my customers. They always want a good deal though so the profit margin is narrow.”* Despite this he claims, *“I don’t want to expand.”* Others are more defensive about their businesses and how they are viewed, *“As a business, people see my shop as new agents with dead end prospects. I have diversified into other areas e.g. photo processing, telephone cards, money transfers.”* Niche marketing is vital for the survival of these businesses, *“For me finding a niche in this competitive sector was important and so we specialize in disability products. We can market ourselves with agencies and have different outlets.”*

Table 2: Females

| | | | | | |
|--|---|--|---|--|---|
| Business | Newsagent; Sandwich shop; Money transfers; Mobile phones (all in same premises) | Catering | Beautician | Property Management | Hair and Beauty Salon |
| Age | 35 | 50 | 42 | 35 | 44 |
| Qualifications | "A" levels | Computer Course | Courses (various beauty related) | Law Degree (incomplete) | 'O'Levels; Beauty courses |
| Motive for Entry | Husband/ family expectations; Evolved from husbands business | Interest, hobby | Gave me more control | Evolved from husbands business | Could not find work in beauty business, children needed looking after so set up own business at home (later expanded) |
| Employees | 7 f/t 9 p/t | 2 f/t; 1 p/t | none | 3 f/t; 2 p/t | 2 p/t |
| Main Problems/ Challenges | Not taken seriously by sales reps etc. | Having to make all major decisions by myself | Getting clients; Marketing my business | Juggling my work and my children | Finance to expand. Husband concerned. |

Findings - women

Background

The ages of the respondents varied from 35 to 50 years. Some of the businesses were hobby related, for example, two respondents are beauticians bringing Eastern techniques to the West; another runs a catering company serving Asian meals for weddings and parties. These roles reinforce Dhaliwals (1998) earlier findings as many

women choose roles which are an extension of a role associated with women. Another respondent runs a newsagent shop jointly with her husband; and another business was a property letting agency where the main clients are students looking for accommodation, thus so serving the local community. The husband also played a large role in the development and running of this company.

The women on the whole were less qualified than the men and tended to focus on professional and skill based courses. Academic background varied significantly ranging from a beauty course to the more traditional 'A' levels; one of the women did attempt a law degree but personal and business commitments did not allow her to finish it. Some of the women developed skills after the business was up and running e.g. the computer course by the catering owner.

The majority of women had family members in business. Even if the family were not in business, their role was significant in terms of moral and financial support. The greatest source of support other than financial was childcare, *"I live with my mother-in-law and she helps me look after the children."* Another woman is more concerned about juggling her roles, *"I find it difficult to build up the business and bring up my children, I am torn in two."*

One woman relied on friends from her own community, *"I had several friends in business who could give me practical advice and assistance."* She added, *"My children did help me initially and if I need any help my mother and brothers are always there."* The constraint of family was also clear in this case when they stop facilitating and start to hinder progress and creativity, *"I am very independent and like to go forward but every time I have new ideas and want to expand the family say No, why do you want to take risks? My mother really worries about me."* One respondent faced hostility from her husband and family when she located her first beauty salon, *"My husband said that it was not going to work out, the children needed me at home."*

Motive for entry

The reasons for entry differ for each case. The husband plays a great role in supporting and encouraging the business and in some cases the woman's business evolves from her husband's, *"My husband*

put the idea together to form a letting company and I left my job to run it.” One respondent married the husband and the business; there was an expectation that she would partner the business as well as the husband, *“I married into the business.”* For the beautician the motive for entry was to use her natural knowledge of the beauty business together with some courses she took and see it as a paying hobby, *“I wanted more control over my life.”* Similarly for the caterer, *“When I entered the business, cooking was a hobby. I started by cooking for my friends and it just took off from there and grew as a business.”* A few escaped from paid employment, *“I worked in a lot of dead-end jobs that bored me”*.

Employees

The number of employees in addition to close family members ranged from none to under 10. Recruitment methods varied from word of mouth, the local newspaper and the job centre. The respondents had a positive approach to investment in training, *“We encourage our employees to go for training. For example, one of our employees is on National Vocational Qualifications (NVQ) training. The sandwich making staff all has health and hygiene certificates.”* There was an emphasis in keeping up-to-date, *“We try and train our employees in-house but sometimes we have to bring people in from outside to train all of on Institute Technical (IT) skills and new software.”*

The employees in each case were not all co-ethnic. In the catering business the woman claims, *“Most of my employees are recruited by word of mouth. Most of the employees are Asian women and they feel more secure working with other women. My driver is male. I am planning to recruit another five employees this year.”*

Finance

The majority of women rely on private and family money to develop the business, *“Today I am faced with the challenge of increasing my client list I can get the finances to expand from my husband but I want to try and get a bit more business myself and generate the money to expand first and use my husband as a last resort.”* Only one of the respondents

had no start up money from private sources and approached the banks, *“It was quite difficult at first because I had nothing and was starting from scratch. Luckily I had a good bank manager in Barclays who was very supportive and offered me a £ 20,000 loan.”* Before approaching the bank manager she had done a lot of work and research and presented him with her plan, *“I showed him my plans and he was impressed.”* She did not have the same level of support from the Business Link, *“I did go to the Local Business Link and they were not very enthusiastic about my idea to start a catering business.”* Since establishing her business she has received some management training from them.

Community

The community is less significant and helpful for women who are setting up their own businesses, it tends to favor the men and so the joint family businesses benefited the most from support and help from their own community. One of the respondents is a member of the Chamber of Commerce. For the catering company owner the community played a greater part in the early stages of establishing the business, *“The community has played a great part in my business but now my customers are not only Asian. I have many white customers; I cater for functions at the council, local banks. Indian food has become quite popular in the last few years. Now even at Christmas parties people want Indian food. The Asian community in particular has helped me in generating my business.”* The beautician is less favorably disposed to her own community, *“The Asian community has not helped my beauty business, and nearly all my customers are white. They appreciate Eastern techniques and are open to new and alternative methods. Asians do not want to spend money on them and think beauty treatments are too extravagant.”*

Main Challenges

There was mixed reaction to being a woman in business, *“I am not taken seriously by sales reps, they want to deal with my husband although I am quite capable of making decisions myself.”* The property letting woman says, *“I think that it is easier the fact that I am a woman. It helps me deal with the customers a lot more easily.”* On the whole, dealing with clients

seems too advantageous for being female but any external dealings e.g. business representatives, accountants among others proves more challenging. It takes time to establish you and to be taken seriously as a businesswoman “*A woman on her own in a competitive catering sector was a challenge. Others think that you don’t stand a chance of success. However, now people have realized that I have proved myself and made my mark.*”

The main challenges facing these women are both personal and business related, “*I hate having to make all the major decisions by myself.*” Difficulties arise in roles overlapping, “*Juggling my business and my children, I just don’t have enough time*”. There is also conflict between the traditional roles assigned to a woman and her need to prove herself in the marketplace, “*Family is important to me and it was not easy to manage the children when they were young, but as they grew they have been a great support to me and the business. Now that they are independent I have more time to devote to the business.*” “*Business challenges, like any other small business, were to do with growth, “I am expanding my catering business and looking for new units.” Problems remain in key areas of business growth, “Procuring clients; marketing and developing my business”; or in developing the customer base, “I’m too reliant on my small group of existing clients.”*”

Conclusion

The first generation placed a greater importance on economic necessity and unemployment (push factors), the second and third generations are placing a greater importance on the opportunities that exist within the UK for doing business and links to the country of origin (pull factors). Therefore entry into business is a positive choice not a last resort. Despite these ‘pull’ assertions second generation Asians are still entering businesses with long hours, low value-added, low growth potential and highly dependent on family finances.

The research points to two levels of involvement by ethnic women in small enterprise: firstly, ethnic women co-owning and operating their business with their spouses, where male is the dominant decision maker, and secondly ethnic women partly or wholly owning the business and having entire control of the operations and decision

making. Ethnic women feel they are weak in finance and marketing skills and strong in the area of dealing with people. Attributes to success include customer service and willingness to work hard. The main barriers to success are male chauvinism, preferential treatment by banks and the perception that women lack knowledge. The source of start-up is their own savings; they do not have easy access to start up funds from banks and financial institutions. However, more and more women are approaching financial institutions with business ideas.

These businesses offer an excellent opportunity for training organizations and legislative bodies particularly in the area of employment. The one point made about the first generation EMB community was that there was a lack of communication and dialogue between business service providers and the Ethnic Minority (EM) community. The new generation of business owners are fully integrated into the community, have been educated here and are fully versed with Western practices so business support providers need not complain about distrust, closed doors and a lack of interest. There is a great opportunity to learn from these businesses.

There are issues of skill shortages that can be addressed, the women in particular seek out and attend courses they feel will help with their business and their own style of management, the men appear more reluctant to do so. The potential for 'breakout' still exists as many of these businesses are relying on narrow, co-ethnic markets for custom. Growth is a challenging factor. Nearly all the respondents interviewed are eager to expand; they are hindered by lack of available finance or the time and labor to expand. These businesses, despite being low value-added and labor intensive do have an enormous potential for growth particularly by diversifying into other areas as the news agency has done (mobile telephones, sandwiches, money transfers etc.). This research adds to the body of growing literature on the diversity of ethnic minority businesses.

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Abstract

In this article an attempt has been made to study the sources of support and training for export oriented Small and Medium Enterprises (SMEs) in Australia. Austrade (a government agency) appears to be the principal source of information, advice and training for a very large proportion of manufacturing SMEs. The type of training that the majority of SMEs undertook was largely related to technical aspects of exporting such as export procedures and export documentation. Many SMEs also appear to have used multiple sources of information to obtain market related information.

Key words: Small and Medium Enterprises, Export, Support, Training, Managerial Capability

Resumen

En este artículo se intentó estudiar las fuentes de apoyo y adiestramiento o capacitación para las empresas menores y medianas (SMs) orientadas a la exportación en Australia. Austrade (una agencia de gobierno) es la fuente principal de información, orientación y adiestramiento o capacitación para un gran número de empresas menores y medianas. El tipo de adiestramiento o capacitación que la mayoría de las SMEs tomaron se relacionó, en su mayor parte, con los aspectos técnicos de la exportación, por ejemplo, los procedimientos y la documentación relativa a las exportaciones. Muchas SMEs parecen usar múltiples medios para obtener información relacionada al mercado.

Palabras claves: Empresas Menores y Medianas, Apoyo, Adiestramiento o Capacitación, Exportación y Capacitación de Gerentes

*Muhammad Mahmood**

The Sources of Support and Training for Export Oriented Manufacturing Small and Medium Enterprises (SMEs) in Australia **

Introduction

One of the important features of the global economy over the last decade and a half has been the process of trade liberalization in both industrialized and developing countries. In most cases the reason for trade liberalization is to expand the production and export base, in particular of manufactures which now account for more than three quarters of world trade in merchandise. For the most part of the twentieth century Australia focused on import substitution by erecting tariff barriers. This naturally led to make firms inward focused, which worked against exporting. Australia's geographical distance from the major world markets in Europe and North America also played its role. However, Australians do travel abroad quite extensively and foreign travel was found to be a significant variable in favors of exporting (see Miesenbock, 1988 for details).

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Australia has been engaged in trade liberalization since the early 1970s but the pace has accelerated since the mid 1980s. Tariff rates have decreased already over the past years and the government aims to completely remove tariff in all industries, except the car industry, by 2005. Within less than a decade has moved from one of the most protected economies to one of the least protected economies among Organization for Economic Co-operation and Development (OECD) countries. The process of trade liberalization has had a profound impact on both large and small manufacturing enterprises.

In an open small economy like Australia, SMEs ability to export has become very crucial for their long term survival. An open economic environment has changed the competitive pressure both at home and abroad. The growing convergence of markets are creating new demands and interesting challenges for manufacturing SMEs in Australia.

The long history of inward orientation of Australian manufacturing has made it difficult for many manufacturing enterprises both large and small to engage in an open trading environment. However, the competitive pressure arising from an open trading environment in the home market has been forcing many manufacturing SMEs to seek business opportunities beyond the domestic market.

Exports have made significant contributions to the growth of manufacturing sales over the last decade. Exports as a proportion of total manufacturing sales stood at 15.7 percent in 1998-99 (ABS, 2000). This figure is much lower than the actual share of exports as a proportion of their total sales as it does not include manufacturing exports undertaken by businesses other than manufacturers and their agents. Despite the success in manufacturing exports, a small proportion of total manufacturing firms export and of which more than four fifths are SMEs. However, it is estimated that large enterprises account for almost three quarters of manufacturing export revenue.

The aggregate export share of the SME output is low because many SMEs are not involved at all in exporting for a variety of reasons. There are good reasons to believe that an SME's ability to export is limited by various factors. Some of these factors are internal to the firm and other is external to the firm. Australian Manufacturing

Council (AMC) (1993) identified a number of such factors that inhibit the growth prospects of emerging exporters. The factors include lack of finance, restricted market access, lack of managerial skills, problems of adequate market representation, difficulties in establishing credibility, access to technology and the challenge of maintaining innovativeness.

Exporting will continue to be essential for SME success in the manufacturing sector in Australia in an increasingly open trading environment. Manufactured products face far less barriers to trade than other goods causing intense competition in the global market. It is well recognized that SMEs face a number of constraints in regard to finance, managerial capabilities, skill development and accessing overseas markets. There is a general feeling that there still is a considerable unused export potentials among SMEs. These potentials can also be harnessed through public support and training programs.

The focus of this paper, however, is on the sources of support and training for export oriented SMEs so that these firms can acquire enhanced export capability. The manager is the key figure in the firm in deciding what support and training are needed. The term *manager* is use in this paper in the sense that the manager is also most likely the owner of the firm but, more importantly, the focus is on the principal decision maker of the firm. This research is based on survey data.

Literature Review

It has long been recognized that small firms face numerous difficulties in exporting. The determinants of export behavior can be broadly disaggregated into two major groups; factors that are (i) external to the firm such as tariffs and quotas, exchange rates, government assistance, financing and the competitive environment both at home and abroad (ii) internal to the firm such as the nature of the firm, the product and the management style (see Gripsrude, 1990). Both these factors can influence the exporting decision of firms as they may either hinder or stimulate exports at different degrees for different firms.

The Australian government has been striving to create an environment for business growth. With this objective in mind it has introduced a series of business support programs to assist in areas like seeking out new market opportunities including overseas markets and the adoption of new technology. The Australian government's various assistance packages are largely used by SMEs. The SME exporters constitute 72 percent of Austrade's clients (Twomey, 1995). This very high level of assistance required by SMEs from the government agencies further highlight that they face more hurdles to exporting than their larger counterparts. Olson (1975) found from his Swedish study that less experienced firms value the effects of government assistance measures as more important than firms which have more experience in this field. Bilkey (1978) also suggests that once a firm is out of the initial export development stage, the export assistance measures become less important. At this stage the firm is likely to be more responsive to external economic incentives.

The key variable in small business internationalization is the decision maker of the firm. He or she is the one to decide starting, ending and increasing international activities. He lays down the goals concerning exporting and determining the organizational commitment (Miesenbock, 1988). The amount and quality of resources, such as managerial resources, education level of the employees, capital capacity are evidently crucial factors in a firm's internationalization process. However differences in managerial capability and orientation are important factors in explaining the exporting behaviour of smaller firms (see Reid, 1983 for detail). It has also been suggested that in many instances that stimuli for exporting largely rest outside the firm. It may be prompted to export as a result of an unsolicited order, excess capacity or recession (see Bilkey and Tesar, 1977, Kanayak and Stevenson, 1982). When the stimulus for exporting lies outside the firm, the management is most unlikely to be fully conversant with all the aspects of export management or operations. Reid (1981) suggested that the export expansion process consist of five stages; export awareness, export intention, trial, evaluation and acceptance. At the final stage the firm becomes an exporter.

Whether the stimulus for exporting originates outside or inside the firm, management capability is crucial in becoming a successful exporter. Managerial characteristics and expectations play an important role in a firm decision to export (see Moini, 1995). Managerial attitudes in exploiting any competitive advantage a firm may have or simply to diversify into foreign markets can lead to exporting decision (see Welch and Widersheim-Paul, 1980). Cannon and Willis (1983) observed that management efforts were positively related to export success.

Exporting requires new knowledge and information, new ways of advertising and selling, familiarity with foreign cultures and ways of doing business (Burpitt and Rondinelli, 2000). The same authors in another article further emphasize that firms that see opportunities in the potential organizational learning may be more likely to continue to export through the difficult early phases than firms that evaluate success strictly in terms of immediate financial benefit (see Burpitt and Rondilleni, 1998).

SMEs and Australian Manufacturing

In Australia a business enterprise is generally regarded as small if it has such characteristics as independently owned, most capital is contributed by owners/managers and they are responsible for all principal decision making. However, for statistical purposes small businesses are defined as firms which employ less than 100 persons in manufacturing. This definition has become quite acceptable in Australia in the absence of a clear statistical demarcation between small and medium firms (see, BIE, 1995).

The manufacturing sector in Australia has undergone significant changes since the mid 1980s as a result of substantial tariff reductions. Other economic reform measures such as deregulation of financial and foreign exchange markets have also contributed to opening up the economy to international market forces. The competitive pressure generated as a result of an increasingly open economic environment causing structural changes in the way business is conducted nowadays, increasing number of firms are seeking business opportunities

overseas. Douglas and Craig (1995) noted that growing liberalization, integration and competition in world economies since the post-war period had been responsible for the increasing engagement of firms in exporting activities.

Table 1
SME Activity in the Manufacturing Sector, Australia, 1998-99
(Percent)

| ANZIC | Industry | Employment | Turnover | Value Added |
|-------|---|------------|----------|-------------|
| 21 | Food, beverage & Tobacco | 31.9 | 26.9 | 23.5 |
| 22 | TCF & leather | 63.9 | 57.2 | 57.8 |
| 23 | Wood & paper products | 61.2 | 42.6 | 41.5 |
| 24 | Printing, publishing & recorded media | 56.6 | 44.2 | 44.0 |
| 25 | Petroleum, coal, chemical & associated products | 49.8 | 35.3 | 39.5 |
| 26 | Non-metallic mineral products | 55.7 | 47.9 | 45.2 |
| 27 | Metal products | 57.6 | 46.2 | n.a. |
| 28 | Machinery & equipment | 44.4 | 30.6 | 33.2 |
| 29 | Other manufacturing | 88.6 | 84.7 | 85.7 |
| 21-29 | Total Manufacturing | 51.7 | 38.4 | 43.4 |

Source: Australian Bureau of Statistics (2000), Catalogue No. 8221.0

Manufacturing share of Gross Domestic Product (GDP) in Australia like other industrialized countries has been on the decline over the last three decades and it stood at 12.5 percent in 1998-99. SMEs employed 51.7 percent of labour force and contributed to 38.4 percent of turnover and 43.4 percent of value added of the manufacturing sector in 1998-99 (Table 1).

Between 1990-91 and 1998-99, SMEs increased their share of employment, turnover and value added. SME management units accounted for 97.6 of the total in 1997-98 in the manufacturing sector (see ABS, 2000a). SMEs increased their share of establishments by 2 percentage points between 1990-91 and 1997-98 in the sector.

The relative decline in the share of large firms and employment in those firms in the manufacturing sector is largely due to restructuring necessitated by the increasing openness of the

economy on the one hand and the growing pressure exerted by globalization on the other hand.

The structural shift in the economy has been causing changes to the composition of exports over the last decade and a half. Export of manufactures increased quite substantially during this period marking an attempt to break with the past reliance on primary products. The share of manufactured products to total merchandise exports increased from 20.7 percent in 1983-84 to 31.7 percent in 1998-99.

Exports as a proportion of total sales for manufacturing SMEs was 12.6 percent compared to 17.6 for large enterprises in 1998-99 (ABS, 2000). SMEs in the manufacturing sector have clearly a much lower propensity to export than their larger counterparts. But there is a general feeling that there still is a considerable unused export potentials among SMEs.

Methodology

The study is based on a survey of all manufacturing enterprises in the Western Metropolitan region of Melbourne, capital of the state of Victoria. The questionnaire was sent to the chief executive officer of each of these firms with a covering letter and reply paid envelope. Responses to the questionnaire were voluntary. The sample size was 843 manufacturing establishments in the Western Metropolitan region of Melbourne. The response rate was 16 percent. It is important to point out that the questionnaire was designed to capture many other aspects relating to exporting and importing activities of SMEs.

The choice of the sample region has largely been determined on the basis that manufacturing has always played a dominant role in the economy of Victoria. It's accounting for manufacturing turnover, industry value added and employment by 32.6 percent, 33.1 percent and 32.3 percent, respectively in 1998-99. The percentage contribution by Victoria to total Australian manufacturing turnover was the highest among all states during the same year (see ABS 2000b). During the same year, the manufacturing sector contributed

17 percent to Victoria's gross state product compared to the national average of 13 percent and Victoria also accounted for 33 percent of total manufacturing employment in Australia (see ABS, 2000c). The Western Metropolitan region of Melbourne is the hub of manufacturing activity in Victoria. On that basis, it can safely be assumed that the region is quite representative of Australian Manufacturing.

It must be pointed out that there are limitations in the survey methodology used. The questions were asked in a straight-forward manner given that complexities are very difficult to explore in mail out questionnaires. Secondly, quantitative answers were avoided to save management time and effort with the hope that it would increase the response rate. The decision to do so was based on the pilot survey results. Despite those limitations and once allowance is made for that, quite clear results emerge from the survey.

Results

SMEs constitute 78 percent of the sample. *Machinery and equipment, metal products and food and beverage* appear to dominate SME manufacturing activity accounting for 53 percent, 20 percent and 12.5 percent respectively of total manufacturing establishments.

There has been a significant positive change in attitude towards exporting since the mid 1980s. *The machinery and equipment, metal products and food and beverage industries* dominated in terms of their shares of total manufacturing exports undertaken by SMEs during the survey period. SMEs in these industries accounted for 36 percent, 17 percent and 14 percent respectively of the total in 1995-96.

The period covered by the survey also coincided with increasingly opening up of the Australian economy to the global competitive forces. It appears that an open economic environment is likely to have contributed to SMEs accelerating their export drive as competitive pressure started to build up in the economy. It is true that an open economic environment will not affect all of them in the same way. SMEs with exporting as their long term business strategy or with niche products will take further advantage of the

open economic environment. But for many other SMEs it can be a challenge in a number of ways. Exporting is the most common form of internationalization process pursued by SMEs but for many SMEs exporting is fraught with many difficulties. These difficulties usually arise from complexities involved in dealing with shipping and trade documentation. They are also faced with problems relating to market information. Even when they can identify markets, they are not adequately equipped to deal with marketing and promoting products within those markets.

The survey results reveal that SMEs see a number of factors that inhibit their ability to fully exploit their export potential. These include obstacles such as intense competition in overseas markets, lack of export initiative, tariff/non-tariff barriers, lack of government assistance, limited information to locate and analyze overseas markets, high shipping costs, lack of managerial/personnel time, different product standards overseas, unfavorable exchange rates, difficult and slow collection of payments from overseas, inadequate or untrained export staff, difficulties in handling documentations, insufficient production capacity, inadequate transport and lack of finance. Seventy nine percent of respondents did not use any computer packages to assist with the export process.

It is obviously clear that many of the difficulties faced by SMEs could not be overcome by training. Some of the problems are beyond the control of the firm such as trade barriers, exchange rates and competitive pressures in overseas markets. Also a number of difficulties identified by respondents do not require training, but need only gathering information from appropriate government agencies and industry organizations.

Many of the problems identified by firms could be mitigated by training such as how to improve their ability to gather market information, and how to process export documentations more efficiently, which includes training in the use of the relevant computer packages. Also training can definitely better equip export staff to deal with all aspects of exporting including new production technology and product adaptation, and time management. Training can be provided also for financial and foreign exchange risk management.

Table 2
Support, Advice and Training Received by SMEs
to Establish Export Markets
(Percent)

| | Austrade | Ausindustry | Government Agency | Non-Government Agency |
|-------------------------------------|----------|-------------|-------------------|-----------------------|
| Training in Export Procedures | 31 | 10 | 12 | 28 |
| Training in Export Documentation | 18 | 8 | 14 | 31 |
| Language Training | 0 | 0 | 5 | 16 |
| Training in Different Cultures | 10 | 2 | 10 | 18 |
| Overseas Market Information | 49 | 13 | 18 | 23 |
| Information on Financial Support | 27 | 18 | 12 | 22 |
| Finding Agents/Distributors | 37 | 3 | 11 | 23 |
| Identifying Exhibitions | 38 | 12 | 12 | 19 |
| Arranging Exhibitions | 31 | 8 | 10 | 10 |
| Translation Services | 12 | 5 | 8 | 18 |
| Export Planning | 20 | 11 | 5 | 19 |
| Advice on Logistics | 12 | 5 | 17 | 21 |
| Promotional Materials | 24 | 5 | 10 | 19 |
| Information about Product Standards | 21 | 11 | 22 | 19 |

Many SMEs actually tried to address the problems they had identified by seeking support, advice and also sometimes undergoing training from both government and non-government agencies. Table 2 illustrates what types of training advice and assistance they had received during the period of survey. Austrade (a federal government agency) appears to be the principal source of information, advice and training for many SMEs followed by non-government agencies. Many SMEs appear to have used multiple sources when it comes to gathering information. However, it appears that respondents who underwent some training mostly concentrated in the technical aspects of export procedures and export documentation. Training in different cultures featured more prominently than foreign languages. This

rather lends support to the widely held view that English has become the language of international business. The elimination of language barriers has not led to homogenization of international business cultures. Countries closer to Australia in the Asia Pacific region such as New Zealand, Papua New Guinea, Hong Kong and Asian countries are the principal destinations for SME exports accounting for 60 percent of the total. Given the cultural diversity in the region it is not surprising that managers need some awareness about this diversity. Cultural barriers are still a very important factor for exporting firms in Australia and many SMEs are trying to familiarize themselves through training in different cultures they are likely to encounter in their export markets. Training programs must emphasize that SMEs to succeed must recognize that exporting in itself is a learning process, a process that can bring significant financial benefits to the firm.

The most important support and advice respondents sought out were relating to overseas market information, identifying exhibitions, information on financial support, finding agents, distributors and information about product standards. SMEs must be made aware of the transaction costs involved in gathering information; therefore, the importance of processing those information correctly. It is of crucial importance how managers interpret the available information in making their business decisions.

It is clear that training many SMEs undertook was largely limited to technical aspects of exporting. They have also used various agencies both government and non-government to gather information to help exporting. Despite obtaining all this information and training many respondents still consider that they face various exporting obstacles. This raises the questions of how effective the training they get is. Training programs must help SMEs to overcome their perceived impediments to exporting. There is a very high degree of reliance on public sector agencies to provide information and training. This is also supported by the Australian Bureau of Statistics that indicates that only 10 percent of small enterprises used private training consultants in 1997-98 (see ABS, 2000a).

Conclusions

This paper focuses on the sources of support and training for export oriented manufacturing SMEs in Australia. The aggregate export share of manufacturing SMEs is low because many of these firms are not involved in exporting for a variety of reasons and more importantly they are unable to deal with complexities involved in exporting. Those SMEs that export also in many instances do not fully utilize their full export potential. It is well recognized that SMEs face a range of other constraints in exporting. The importance of obtaining information about market opportunities in overseas countries and developing new skills and organizational capabilities has been well recognized in stimulating export drive for SMEs.

Managerial capability and expectation play a very crucial role in the firm's decision to export. The manager is also the key person to identify the problems that the firm face in its exporting endeavour, and he/she is the key decision maker who decides what training and support are needed to overcome those problems so that the firm can sell more effectively in overseas markets to achieve its business goals. The manager also ought to be able to sift through all the available information from various sources and use such information effectively to make strategic choices.

The provision of training assists in the acquisition of new knowledge, skills and the upgrading of existing skills. Learning, when combined with business goals, can enhance managerial capability significantly. This will lead the firm to pursue its business goals through more vigorously exporting. In this respect appropriate support and training could significantly improve the learning process which will enhance the managerial capability of SMEs to become more proactive exporters.

Overall it is important that the provision of information and training must be geared to ensure that managers are able to overcome the perceived impediments to exporting, are able to interpret all the relevant information correctly and use them effectively and also to help raise the awareness of full export potential. In this way, export oriented SMEs are likely to benefit from any training programs to achieve their business goals through exports. Furthermore, exporting

in itself is also a learning process. Overtime the firm must be able to appropriate the knowledge gathered from its exporting experience and to use such knowledge to further enhance the exporting capability.

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Abstract

The North American Free Trade Agreement (NAFTA) increasingly looks like a “one shot” deal with little of the ongoing deepening of economic relationship expected at the time of its negotiation and no provisions for ongoing negotiations. As a result, alternative-trading arrangements may provide an opportunity to move the North American Trade agenda forward. The Free Trade Area of the Americas (FTAA) is one alternative, however, it is an extremely ambitious undertaking bringing together a large number of very divergent economies in terms of size, stage of economic development, economic performance and economic philosophy. This increases the complexity of negotiations and the probability of failure. The paper outlines the major areas where negotiations are likely to be difficult and provides suggestions regarding what has been learned from the NAFTA experience that is relevant to the FTAA.

Key word: Free Trade, Globalization, NAFTA, FTAA, International Business

Resumen

El Tratado de Libre Comercio de Norte América (ALCA) parece haber logrado sus objetivos sin planes adicionales para continuar negociando otras provisiones para el tratado. Sin embargo, con la intención de seguir avanzando el comercio de Norte América, el nuevo Tratado de Libre Comercio para las Américas o FTAA por sus siglas en inglés, es un acuerdo comercial sumamente ambicioso que entrelaza una amplia cantidad de economías diversas en tamaño, desarrollo, desempeño y filosofía. Esto aumenta su complejidad y también la probabilidad de que fracase. Este documento señala las áreas donde se espera que haya dificultades en las negociaciones y provee sugerencias basadas en lo que se ha aprendido de la experiencia con el ALCA que será relevante para el FTAA.

Palabras clave: Comercio Internacional, Globalización, NAFTA, FTAA, Libre Comercio

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NAFTA and Beyond: Challenges in Free Trade

Introduction

As a political vision, the Free Trade Area of the Americas (FTAA) is bold and inherently appealing. It is the type of initiative with which heads of government can step above the stifling politics of their daily lives, meet and, in fact, state new courses and put bureaucratic wheels in motion towards realizing a vision. Trade agreements are also relatively safe visions because they hinge on a long process of negotiations. The international political scene is full of trade agreements that have proved to be nothing more than mere dreams – particularly in Latin America – but the European Union (EU), the North American Free Trade Agreement (NAFTA), MERCOSUR and a range of lesser agreements in different parts of the world have fundamentally altered the course of economic development in their regions.

Looking past at its political vision, the FTAA is the most ambitious regional trade undertaking ever attempted. It encompasses 34 countries – the multilateral GATT negotiations in 1947 had only 23 signatories. When the GATT came into being on January 1, 1948,

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there were only ten countries that had ratified the agreement (Kerr, 2002). The EU began with only six countries and over its long life has only grown to encompass 15 countries and is currently embroiled in an extremely acrimonious debate about the accession of future members. The NAFTA has only grown from two to three members. The Asia Pacific Economies Cooperation (APEC) is the only major trade agreement that rivals the FTAA for memberships but, so far, it has been far less ambitious in its liberalization agenda than the proposed FTAA (Yeung, et al., 1999).

It seems clear that Latin America is looking for a new economic paradigm that can remove two of the major hindrances to its economic performance, corruption and cronyism, and deliver prosperity without the booms and busts that have become associated with being part of global capital markets. Of course, the economic busts simply represent the rough discipline of the international market for poor economic management (Kerr, 2000) – the real problem is the market's predilection to punish those countries that manage well, but simply happen to be nearby, the *flu* effect, and represents a lack of sophistication among those decisions makers in financial institutions and not an endemic economic management problem in Latin America. In the run up to the FTAA, it is going to be particularly difficult to convince those countries that have suffered from the Argentine flu, and before that the Asia flu, in which the discipline on economic decision making of open markets (Hobbs, et al., 1997) outweighs the costs associated with their lack of sophistication. Of course, the US and Canada remain committed to the open economy paradigm (of course tempered by the political reality to their domestic protectionist interests).

The spirit of free trade has swept through Latin America over the past decade broadly embraced as a much-needed improvement to long-standing closed economic policies though it has produced a confusing patchwork of hemispheric free trade agreements. At present Western Hemisphere countries have either signed or are negotiating over 50 sub regional trade pacts. Looming over all these efforts is the promise of creating the Free Trade Area of the Americas (FTAA) 2005, an agreement that would stretch from northern Canada to the southern tip of Chile and, hopefully, would also tie

together these disparate and sometimes overlapping trade arrangements. Appendix I shows a general overview of the major trade agreements and their provisions.

These developments place the US trade policy squarely at the crossroads of whether or how to proceed formally with the FTAA. Trade policy debates have been contentious in the aftermath of NAFTA and the turbulent fallout from the Mexican peso devaluation in 1994. Also, issues that arose from labor, environmental groups, and import competing industries, which were central to the NAFTA debate, continue to be of concern in the FTAA context.

Different Views on Where to Start Negotiations

Negotiations are taking place over a range of major areas of international trade law; e.g. market access, government procurement, investment and services. At this point, the negotiations are still at the stage of attempting to establish the modalities regarding what will be the starting point for the actual negotiations. Negotiations under some agreed upon modalities are slated to start late in 2002 and the entire agreement is to be wrapped up by January 2005. As yet, there remains no agreement on major modality items except tariffs. The alternatives for tariffs were agreed at a vice-ministerial meeting in Santo Domingo in August 26 - 30, 2002.

While an agreement on tariff modalities is quite understandable, and certainly welcomed, the emphasis on negotiating the reduction of tariffs seems somewhat out of place. Tariff modalities are probably the easiest barrier to international transactions to negotiate because the negotiating parameters are well defined and it is where the human capital of negotiators is strongest. The problem is that tariff reduction is also one of the least important aspects of what needs to be accomplished in a FTAA. The emphasis of the FTAA needs to be placed elsewhere on trade in services, rules for investment, government procurement and other market access issues such as sanitary and phytosanitary policies.

However, negotiations regarding tariffs were, in general terms, however, difficult. The central disagreement was over whether "bound" or "applied" tariffs should be the modality from which tar-

iff offers should commence. World Trade Organization (WTO) bound tariffs are, in many cases, well above those that countries actually apply. The “bound” tariffs are used as the starting point for tariff offers; thus meaning that reductions can be offered given little or no additional market access. It also means that countries bound and applied tariffs are the same, or near to be the same, give larger increases in market access than those countries whose applied and bound tariffs diverge considerably. Even if tariffs are phased down to zero on the long run, those countries with large differences in bound and applied rates are able to delay opening of their markets until later in the phase-in-period. The US, in particular, was insistent that applied tariffs be used as the starting point for tariff offers. The Caricom countries, on the other hand, wanted bound tariffs to be applied in the case of at least some countries as special and differential treatment. In the end, the compromise reached was that applied tariff rates would be the general rule applied but that Caricom countries were granted an exception for the use of WTO bound rates on a limited list of, largely, agricultural products. This concession was secured by stipulating that the applied rates would be those extended on a “most favored nation” basis which, are in many cases higher than the rates actually charged under the “general system of preferences” (GSP) agreements or other preferential arrangements entered into by the US and Canada with developing countries.

In other areas concerning market access, the US insists on other provisions for the FTAA. This may prove contentious in areas such as biotechnology – modified products from their domestic economies.

Unfortunately, the aspects of FTAA negotiations dealing with market access are likely to be much more complex and there are fewer precedents for reaching an agreement. In addition to the negotiating group on market access, there are eight other negotiating groups covering investment, services, government procurement, dispute settlement, agriculture, intellectual property rights, subsidies, antidumping and countervailing duties, and competition policies.

One of the most contentious issues is trade remedies – and in particular US antidumping and countervailing duties’ mechanisms. It is well known that the WTO antidumping definitions are based on a fundamentally flawed economic premise (Kerr, 2002a). Furthermore,

the existing domestic US mechanisms for investigating and penalizing dumping and imposing countervailing duties, while WTO compliant, are open for harassment foreign firms and available to extend temporary protection in times of economic downturns. Just for these reasons, they are dear to the hearts of many in the US Congress, primarily because they make it easy to deflect the protectionist pressure. Major trading partners of the US such as Canada have been trying to escape US Trade remedy laws. Canada attempted to have them not applied in the Canada-US Trade Agreement (CUSTA) but was unable to accomplish this goal (Kerr, 2001). Canada did, however, secure agreement in the CUSTA to negotiate a mutually acceptable definition of dumping and countervail able subsidies over seven years. The deadline was, however, removed in the NAFTA negotiations and no progress has been made ever since that time (Kerr, 2001). Canada has tried to use the alternative model approach to show the US that trade arrangements can work without trade remedy provisions. The Canada-Chile Free Trade Agreement exempts parties from dumping and countervailing. In the FTAA negotiations, knowledge of the protectiveness of the US Congress towards trade remedy legislation, countries have suggested much more modest improvements to the WTO provisions for trade remedies. Essentially, the US does not want any limits out on its application of trade remedies, but has agreed to address about the issue under extreme pressure from other western hemisphere countries. The US wants to ensure that other countries' trade remedy procedures are transparent. Furthermore, the US does not want NAFTA-like provisions in the FTAA that would allow for external review of domestic trade remedy findings. All of these issues remain outstanding, thus making it very difficult to reach an agreement on the modalities, much less a final agreement.

The negotiating group on services is over the issue of whether the modality should be a positive list approach as well as a negative list approach. The positive list approach would see markets opened up only for industries that appear on the list. The negative list approach would neither have markets opened up in all industries nor explicitly excluded by being put on the list. The major difference between the two approaches is that under the negative list approach new

service industries would automatically be open to foreign competition. Given that developed countries are the major developers of new services, and they see “the knowledge economy” aspects of services as being a major future source of their competitive advantage, it is probably not surprising that the US favors the negative list approach. Countries such as Brazil, do not want to forgo the opportunity to promote the establishment of domestic service industries in new areas without foreign competition. Furthermore, there has been a discussion as of whether services delivered by foreign firms with a physical presence in the country should be treated using investments provisions, as in NAFTA, or under services as in the WTO’s GATT agreement.

Lessons from the NAFTA

The experience with NAFTA is very important for those negotiating the FTAA. This is so, because of the central role that the US has played in NAFTA and will play in the FTAA. Unlike the European Union, which has been involved in a large number of multilateral trade arrangements, the US until the NAFTA eschewed regional trade agreements, choosing instead to focus on the multilateral GATT. The NAFTA remains the only major regional trade agreement in which the US entered into. It has become involved in less ambitious arrangements such as the APEC and bilateral agreements with some smaller countries. Thus, the US track record in NAFTA provides the sole example for those considering entering into a trading arrangement with the US.

On the whole, the NAFTA experience has been mutually beneficial for all three parties. While the benefits actually arising from trade agreements are almost impossible to assess, because their implementation takes place over very long periods when other forces are inevitably at work, all other things are held constant (Perdikis and Kerr, 1998), the evidence from the NAFTA is fairly conclusive. In addition, there has been virtually no backsliding, all three parties continue to live up to the letter of their NAFTA obligations and there seems to be no wavering on those commitments.

The problem with the NAFTA is what has not happened. The NAFTA was signed with high expectations that it would be the first

step in a long process of deepening economic integration. This was particularly important for the smaller NAFTA partners, Mexico, and Canada. Deepening economic integration is the only way that these countries can protect themselves from the changes in US perspective on international commercial relations. The more deeply integrated the three economies, the more difficult it will be for a government to abrogate an agreement – their own nationals will have too much to lose from a major change in the relationship. Of course, deepening must be accomplished without an unacceptable loss of sovereignty for any of the parties involved and it is clear that the deepening of the economic relationship raises sovereignty concerns among some members of the public, and at times, members of all three governments. The commitment to deepening in the NAFTA, however, was not institutionalized and, in retrospect was rather personally embodied in those who were responsible for fostering the agreement. It seems clear that this was a major mistake. Without institutionalizing the process of deepening, when the fanfare died down the attention of political leaders was drawn elsewhere, the inherent inertia of government bureaucracies and sometimes – over protectionism gained sway (Kerr, 2001). As a result, the NAFTA looks increasingly like a “one shot” deal which, while very beneficial to all three partners, has delivered far less than was initially hoped. It seems clear that the NAFTA’s failure to “be all it could be” was the result of inexperience and not purposeful design.

The most obvious failure of the deepening process was the inability to find a satisfactory resolution to the application of trade remedy laws among NAFTA partners. The threat of the application of trade remedy laws as currently structured, which have both untenable economic rationale and mechanisms which are open to harassment (Kerr, 2001), significantly increase the risks associated with conducting transboundary transactions in the NAFTA environment and, hence, inhibits the types of investment that would foster deeper integration of the three economies.

The major institutional problems with the NAFTA are that it has no formal super national body to foster a NAFTA agenda and no automatic provisions for ongoing negotiations. The US, in particular, is suspicious of super national institutions largely because of its

concerns with the limits on sovereignty that they might impose. In the case of the FTAA, it would be more important that the super national body has profile and prestige rather than any actual power to affect sovereignty. If one compares the NAFTA with the European Union, the most striking difference is the absence of the equivalent of the European Commission. Of course, the European Commission has considerable power but it plays an extremely important role beyond that directly related to the power it controls. The Commission is comprised of Commissioners appointed by the Member State's governments. Once appointed, however, the individual commissioners are expected to take an EU perspective rather than to be an advocate for the government that appointed them. By and large, the commissioners have taken on that role – although there have been some notable exceptions.

No one in the NAFTA system is expected to “speak for North America” – one is an American, a Canadian or a Mexican. Of course, all of those that work in the Commission also “speak for Europe”. This means that at almost any meeting, conference, policy forum or media event there is someone there to provide a European Union-wide perspective. This does two things; it forces people to consider this broader perspective and respond to keeps it continually in front of them. This helps break down narrow nationalism and gives people a sense of being part of Europe. The cumulative effect of these activities should not be underestimated.

The European Commission is also charged with devising European Union-wide policy proposals. Even if the proposals are rejected by the Council of Ministers or the European Parliament, it means that proposals with such a perspective must be considered. In the NAFTA, there is no institution to play this role; instead, everything must be negotiated by advocates of the individual countries. While the European Commission has admittedly endowed with more political power than would ever be conceded by the US, efficacy in either of these roles is not contingent on an institution having a significant degree of power. The NAFTA has suffered from the absence of this type of institution. Such an institution needs to be created within the FTAA structure. Given the number of countries involved, the FTAA ought to have an organization to oversee and

administer it. It is important that it be structured so as to be able to play a similar role to that of the European Commission even if its power is severely constrained.

Unlike the WTO and the EU, the NAFTA has no mechanisms for ongoing negotiations. This means that it would take a major political effort to launch an initiative designed to promote further deepening of the economic relationship in NAFTA. Furthermore, no agreement will be perfect when written and circumstances will change over time. Without an institutionalized renegotiating provision, it means that it is difficult to correct deficiencies that are discovered and to keep the agreement relevant.

The mechanisms established in the NAFTA to deal with the deepening of the economic relationship through harmonization of standards or the granting of equivalence has not worked. A number of technical committees have been established to accomplish this task in the case of technical standards, sanitary and phytosanitary regulations, among others. However these committees have no mechanism to force a conclusion to their deliberations and, as a result, they have become simply to “talk and talk”. For example, since the inception of the Canada US Trade Agreement (the precursor to the NAFTA) more than a decade ago, Canada has been trying to have the grading of beef harmonized – even going so far as to alter its grading standard to match US specifications. The removal of even this minor trade irritant has not yet been achieved largely because of inertia in the US domestic agency that would have to approve it and resistance of a small proportion of the US domestic beef industry (Kerr, 2000). Thus, in the FTAA some mechanism to ensure that such technical negotiations eventually conclude would seem desirable.

Finally, the NAFTA has no mechanism to supervise implementation. Again, to draw on an example from the beef industry, in the original CUSTA negotiations, Canada wanted border inspections for meat is discontinued because there was evidence that these inspections were being used for protectionist purpose (Kerr *et al* 1986). The US agreed that the inspections would no longer take place with the implementation of the agreement. It took years, however, before the provision was acted upon. There was no mechanism in the

NAFTA to ensure that domestic agencies responsible for policy implementation responded to the commitments made in the NAFTA. This is a general problem with trade liberalization when it extends beyond the realm of trade ministries (e.g. administration of tariffs) and into the domain of agencies responsible for domestic policy (Kerr, 2000). At the very least, the FTAA should have a “report card” mechanism where a country’s record on implementation can be publicized and moral suasion brought to bear. Again, this would seem to be an appropriate role for a super national institution in the FTAA. The WTO plays this role when it issues its regular assessments of individual country’s compliance with WTO provisions.

If the FTAA is to be an agent for the long term deepening of economic integration in the Western Hemisphere, then it must be endowed with the means to move this process forward. Otherwise it will be a “one shot deal” as the NAFTA appears to be. Endowing the FTAA with the opportunity to foster a hemispheric-wide trade liberalization agenda over the long-run can likely be accomplished without compromising sovereignty to an unacceptable degree.

Conclusion

The FTAA is a bold vision that runs in the face of almost all of the conventional wisdom regarding either the rationale for regional trade agreements or the likelihood of their success. Regional trade agreements are supposed to be comprised of a small number of countries with similar economies and similar economic philosophies – the FTAA is none of these things. If nothing else, this means that the negotiations will be complex and difficult. The current difficulties in even agreeing to the modalities upon which negotiations will be based underlines the diversity of the countries engaged in the FTAA negotiations. One question that arises is: What is centrally important to the negotiations?

The NAFTA has many of the characteristics of a successful regional trade agreement (but not all of them, given the differences in the level of development between the US and Canada on one side and Mexico on the other). Can the NAFTA experience help focus the FTAA negotiations? At one level, the NAFTA was a great suc-

cess. Its failure is that it has no mechanism embedded within it to move a North American trade liberalization agenda forward over the longer term. It would seem important that the FTAA be endowed with this ability on a hemisphere basis. If the FTAA has institutions that can foster (but not force) a hemispheric trade liberalization agenda on the long run, then the specific provisions agreed in the current negotiations will be less important. Certainly, the initial FTAA must provide ample benefits for all its members to ensure that it is taken seriously, but it is equally important that provisions for ongoing negotiations are included. If done carefully, the FTAA may be able to move the North American liberalization agenda forward in ways the NAFTA cannot.

Glossary

- *CUSTA*- Canada U.S. Trade Agreement
- *Economic Integration* – the integration of commercial and financial activities among countries through the abolishment of economic discrimination.
- *Economic Union* – a group that combines the economic characteristics of a common market with some degree of harmonization of and fiscal policies.
- *European Union* – formerly the European Economic Community, a regional trade pact that includes Belgium, France, Germany, the Netherlands, Portugal, Spain, and the United Kingdom (England, Wales, Northern Ireland, and Scotland).
- *Export* – an entry mode into international markets that relies on domestic production and shipments to foreign markets through sales agents or distributors, foreign sales branches, or foreign sales subsidiaries.
- *Export Restraints* – quantitative restrictions imposed by exporting countries to limit exports to specified foreign markets, usually as up to formal or informal agreements reached with importing countries.
- *Export Subsidies* – any form of government payment that helps an exporter or manufacturing concern to lower its export costs.
- *External Market* – a market for financial securities that are placed outside the borders of the country issuing that currency.
- *Fast Track Negotiating* – authority provided by the U.S. Congress to the Executive Branch to negotiate amendment- proof trade agreement.
- *Foreign Direct Investment (FDI)* – the act of building productive capacity directly in a foreign country.
- *General Agreement on Tariffs and Trade (GATT)* – a worldwide trade agreement designed to reduce tariffs, protect intellectual property, and set up a dispute resolution system. The agreement is overseen by the World Trade Organization (WTO).
- *Freight forwarder* – an independent business that handles export shipment on behalf of the shipper without vested interest in the products. A freight forwarder is a good source of information and

assistance on export regulations and documentation, shipping methods, and foreign import regulations.

- *Market Access* – the extent to which a domestic industry can penetrate a related market in a foreign country. Access can be limited by tariffs or other non-trade barriers.
- *Mercosur* – “Mercado Común del sur” or the “common market of the South”, which includes Argentina, Brazil, and Uruguay in a regional trade pact that reduces tariffs on intrapact trade by up to 90 percent.
- *Multinational corporation* – a corporation with operations in more than one country.
- *North American Free Trade Agreement (NAFTA)*– a regional trade pact among the United States, Canada, and Mexico.
- *Tariffs* - a schedule of duties imposed by a government on imported or in some countries’ exported goods, a duty or rate of duty imposed in such a schedule, a schedule of rates or charges of a business or a public utility.
- *Trade Balance* – a country’s net balance (exports minus imports) on merchandise trade.
- *World Trade Organization (WTO)* – created in 1994 by 121 nations at the Uruguay Round of the General Agreement on Tariffs and Trade (GATT). WTO is responsible for implementation and administration of the trade agreement

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CENTRO EDUCATIVO DE COMERCIO INTERNACIONAL

La Facultad de Administración de Empresas cuenta con un programa académico para el desarrollo del comercio internacional. Este programa, conocido como el Programa de Desarrollo de Comercio Internacional (International Business Development Program o IBDP), es la respuesta a la necesidad de la Universidad de fomentar el Comercio Internacional entre la Facultad, el estudiantado, la empresa privada y el público puertorriqueño en general. El Programa tiene cuatro objetivos primordiales que son:

1. Reenfocar y ampliar la participación de los miembros de la Facultad en el ámbito del Comercio Internacional junto a organizaciones orientadas a la exportación localizadas en Puerto Rico.
2. Desarrollar un programa de comercio internacional a nivel subgraduado en las áreas de Mercadeo y Gerencia.
3. Proveer oportunidades de desarrollo a estudiantes y ejecutivos, especialmente en áreas que contribuyan al fomento de la exportación en la Cuenca del Caribe.
4. Promover en nuestra sociedad una cultura orientada a la exportación.

Estos objetivos armonizan con el objetivo primordial de la Ley de Comercio y Educación Internacional del Departamento de Educación Federal. En esta ley se expone la necesidad de que las universidades amplíen su currículo para incluir el tema del Comercio Internacional y así participar en el proceso de globalización.

Este Programa ofrece orientación a los estudiantes sobre las oportunidades de estudio avanzado en Comercio Internacional, la llegada de visitantes distinguidos de diferentes países para hablar de temas de la actualidad y adiestramiento, entre otras actividades. También le ofrece al sector empresarial la oportunidad de ampliar sus conocimientos en Comercio Internacional a través del Taller de Desarrollo de Comercio Internacional que se ofrece dos veces al año. El Taller se lleva a cabo por once semanas consecutivas de 6:00 a 9:00 p.m. y los conferenciantes son peritos en los temas por discutirse.

Si desea información adicional, puede llamar al 764-0000, extensión 3904 y comunicarse con la Dra. Maritza Soto, Directora.

PROGRAMA DE DESARROLLO EMPRESARIAL

La Facultad de Administración de Empresas tiene un Programa de Desarrollo Empresarial. El mismo representa un esfuerzo interdepartamental. El Programa promueve el desarrollo de la educación empresarial a través de un enfoque multi e interdisciplinario. Las actividades educativas del Programa están dirigidas a difundir, ampliar y desarrollar el conocimiento y las destrezas empresariales entre los estudiantes, profesionales, la facultad y comunidad. El Programa tiene los siguientes objetivos:

- Colaborar y aportar al desarrollo de la Facultad de Administración de Empresas a través de iniciativas académicas en el campo de la educación empresarial.
- Promover la educación empresarial como alternativa de desarrollo profesional entre los estudiantes, la facultad y comunidad.
- Fomentar y coordinar actividades académicas dirigidas al desarrollo del conocimiento y destrezas empresariales como medio de participar exitosamente en el campo empresarial.
- Coordinar y proveer apoyo a través de asesorías a iniciativas empresariales de los estudiantes.
- Fomentar y proveer actividades de desarrollo profesional y académico en el campo de la educación empresarial para la facultad y estudiantes.
- Promover y colaborar con otras unidades de la Facultad en el desarrollo de proyectos especiales y de investigación en el campo de la educación empresarial.

Para más información sobre las actividades del Programa de Desarrollo Empresarial puede llamar al 764-0000, extensiones 4043 ó 5752 o visitar sus oficinas ubicadas en el Edificio Juan José Osuna en la Facultad de Administración de Empresas.

PROGRAMA ENLACE

Es una unidad de la Facultad de Administración de Empresas del Recinto de Río Piedras de la Universidad de Puerto Rico. Promueve las relaciones de la Facultad con diferentes sectores del ambiente social y empresarial puertorriqueño e internacional y contribuye al desarrollo integral de los estudiantes.

El programa Enlace tiene disponible, para la comunidad empresarial, un banco de datos y resúmenes de los estudiantes de la Facultad de Administración de Empresas. Con esta información se facilita la participación de los estudiantes en proyectos de práctica profesional, empleo, trabajo voluntario, investigación y otros.

REQUISITOS PARA PARTICIPAR EN EL PROGRAMA

Todo estudiante del Recinto de Río Piedras de la Universidad de Puerto Rico que esté clasificado en la Facultad de Administración de Empresas puede pertenecer al programa. La participación es libre de costo y está limitada a lo siguiente:

1. El estudiante no debe estar en probatoria académica.
2. Cualifican hasta un año después de graduados, tanto de bachillerato como de maestría. El estudiante puede pertenecer con sólo entregar el Formulario Enlace con copia de su resumé.

Cualquier firma que provea algún tipo de oportunidad o experiencia profesional, personal, social o académicamente valiosa. Para unirse al programa, sólo tiene que llenar y devolver el Formulario de Inscripción. Toda información que provean los/as estudiantes y las firmas se utilizará únicamente para propósitos del Programa y con el consentimiento de los/as participantes.

PROCESO DE INSCRIPCIÓN

El estudiante puede pertenecer al Programa con sólo entregar el Formulario Enlace con copia de su resumé. En el caso de las firmas interesadas, para unirse al Programa sólo tienen que llenar y devolver el Formulario de Inscripción.

CONFIDENCIALIDAD

La información que proveen los estudiantes y las firmas se utilizará únicamente para los propósitos del programa y con el consentimiento de los participantes.

LOCALIZACIÓN

El Programa Enlace, adscrito al Decanato de la Facultad de Administración de Empresas, está ubicado en el Edificio Ana María O'Neill, oficina número 203. Si desea información adicional puede comunicarse con la Prof. Grisselle E. Meléndez, coordinadora del programa, a través de las extensiones 3935 y 3237 ó 759-1255, unidad 388-8309.

NORMAS PARA LA PRESENTACIÓN DE ARTÍCULOS

- El objetivo principal de la Revista es estimular el intercambio de conocimiento y experiencia entre la comunidad universitaria y el comercio, la industria, la banca y el sector gubernamental en el ámbito internacional. La Revista acepta artículos de índole académica, práctica o profesional. En estas categorías se aceptan escritos de tipo informativo, ponencias, investigaciones, reseñas de libros y presentaciones a favor de alguna posición filosófica. Puede enviar las colaboraciones para su posible publicación a:

Revista Forum Empresarial
Centro de Investigaciones Comerciales e
Iniciativas Académicas
Apartado 21869, Estación Universidad
San Juan, Puerto Rico 00931-1869
Correo electrónico: *forum@rrpac.upr.clu.edu*

- Todos los artículos deben ser originales e inéditos. Someterlos a la consideración de la Junta Editora de la Revista supone el compromiso por parte del autor o de la autora de no enviarlo simultáneamente a otras publicaciones periódicas.
- Un artículo que llene todos los requisitos de excelencia, pero que sea sólo una repetición de las ideas que el autor o autora haya expuesto en otros trabajos, no debe recomendarse para publicación a menos que el evaluador o evaluadora evidencie que constituye una nueva síntesis del pensamiento del autor o autora y que revise sus concepciones anteriores.
- Los artículos pueden ser escritos en español o en inglés.
- La portada deberá incluir el título del artículo, el nombre del autor o de la autora, puesto que ocupa, la dirección, los teléfonos del trabajo y de la casa y el número de correo electrónico. El título se escribirá nuevamente en la parte superior de la primera página del manuscrito. Las páginas restantes **no deben** llevar ninguna identificación.
- La extensión de los artículos no debe exceder de 20 páginas a espacio doble (tamaño 8.5" x 11.5") por un solo lado, incluyendo tablas y bibliografías. El tamaño (font) de letra debe ser 12.
- Los artículos deberán estar precedidos de un resumen en inglés y español de no más de un párrafo (máximo de 100 palabras). Incluir un máximo de cinco palabras claves.
- Las notas deben ser breves (por lo general, no más de tres oraciones) y limitarse a hacer aclaraciones marginales al texto; no deben utilizarse sólo para indicar referencias bibliográficas. Las notas deben aparecer al final del artículo bajo el título de **NOTAS** y estar enumeradas consecutivamente a lo largo del texto.

- Los artículos deben redactarse siguiendo **consistentemente** las normas de estilo de uno de los siguientes manuales:
 - (a) Publication Manual of the American Psychological Association (APA).
 - (b) Turabian Kate L. A Manual for Writers of Term Papers, Theses and Dissertations. Latest edition. Chicago: The University of Chicago Press, 2002.
 - (c) Gibaldi Joseph. Manual and Guide to Scholarly Publishing. Second edition. The Modern Language Association of America (MLA). New York, 1998.
- El autor o la autora deberá someter su artículo preferiblemente por correo electrónico o enviar un disquete y una copia en papel de maquinilla a espacio doble y en tamaño carta. Los artículos deberán presentarse en programas Word Perfect o Microsoft Word. Deberá rotular el disquete con su nombre y título del artículo e indicar además el programa que usó. Se sugiere conservar una copia del artículo y del disquete, ya que éstas no se devolverán a sus autores o autoras. Es necesario verificar que el disquete no tenga virus. Todo disquete con virus será devuelto al autor o autora para su reemplazo.
- Todas las gráficas, tablas y diagramas deben guardarse en **EPS** (save) para que sean más susceptibles a la resolución de colores.
- Todas las gráficas, tablas y diagramas deben enviarse por separado en disquetes individuales.
- La Junta Editora se reserva el derecho de aceptar o rechazar los artículos sometidos y de efectuar los cambios editoriales que considere pertinentes.
- Una vez se aceptan los artículos, la Revista se reserva el derecho de publicación por tres meses luego de la impresión de los mismos.
- A los autores y a las autoras se les obsequiarán tres ejemplares de la Revista en la que aparece publicado su artículo.

POLÍTICA PARA LA REVISIÓN DE LOS ARTÍCULOS

Cada artículo se somete a la consideración de, por lo menos, tres evaluadores. Se requiere la aprobación de la mayoría de los evaluadores y de la Junta Editora para determinar la publicación de un artículo. En la revisión se emplean los criterios establecidos por la Junta Editora.

La Revista cuenta con la colaboración de: evaluadores especialistas en las diferentes áreas del campo de la Administración de Empresas y disciplinas relacionadas, miembros de la comunidad empresarial del ámbito local e internacional y una Junta Asesora Internacional.

SUBMISSION GUIDELINES

- The main objective of the Journal is to encourage the exchange of knowledge and experience between the university community and business, industry, banking and government in the local and international arenas. The Journal accepts articles of an academic, practical or professional nature. In these categories, articles can be informative, presentations, investigations, book reviews, and articles in favor of any philosophical position. Articles can be sent for consideration to:

FORUM EMPRESARIAL JOURNAL
Center for Business Research and Academics Initiatives
Box 21869, University Station
San Juan, Puerto Rico 00931-1869
E-mail: *forum@rrpac.upr.clu.edu*

- Submissions should be unpublished. Submission to this journal's Editorial Board requires a commitment to not submit the article simultaneously to other publications.
- The editorial Board will not recommend an already published articles unless there is evidence that the articles is a new synthesis of the author's ideas.
- Submissions can be written in Spanish or English.
- The cover page must include the title of the article, author's name, job title, address, work and home telephone numbers, and e-mail address. The title should be repeated at the top of the first page of the manuscript. Subsequent pages **should not** have any identification.
- Submissions should be in Word Perfect or Microsoft Word format.
- Submissions should be no longer than 20 pages, double space (8.5" x 11.5") written on one side of the paper, including tables and references. The font should be Times Roman 12.
- Submissions should be preceded by an abstract of no more than 100 words in Spanish and English. After the abstract, list no more than five key words.
- Notes should be brief (generally), not longer than tree sentences) and be limited to marginal clarifications to the text. Notes should not be used to indicate bibliographical entries. Notes should appear at the end of the article under the title **NOTES** and should be consecutively numbered in the text.
- Submissions should be written consistently following the style and format of one of the following publication manuals:

- (a) Publication Manual of the American Psychological Association (APA)
- (b) Turabian, Kate L. A Manual for Writers of Term Papers, Theses and Dissertations. Latest edition. Chicago: The University of Chicago Press, 2002
- (c) Gibaldi, Joseph. Manual and Guide to Scholarly Publishing. Second edition. The Modern Language Association of America (MLA) New York, 1998.
- Submissions can be made preferably by e-mail or by regular mail. Regular made submissions must include a clearly labeled diskette and a hard copy on letter sized paper, double space. The diskette should be identified with the author's name, article title and the format used. The articles and diskettes will not be returned to the authors. Authors should make sure that the diskettes are virus free. Any contaminated diskettes will be returned to the owners for their replacement.
 - All graphs, tables, and diagrams should be saved in **EPS** (save) to make them more sensitive to color resolutions.
 - All graphs, tables, and diagrams should be sent on different diskettes.
 - The Editorial Board reserves the right to accept or reject the submissions and to make any editorial changes deemed necessary for publication purposes.
 - Once submissions are accepted, the Journal reserves the publication rights for three months after publication.
 - The authors will receive three complimentary copies of the journal issue in which the article was published.

REVISION POLICY OF THE ARTICLES

Each article is submitted to the consideration of at least three evaluators. The approval of the majority of the evaluators and of the Editing Board is required to accept an article for publication. In the revision process the criteria employed is the one established by the Editing Board.

The Journal has the contribution of evaluators who have the expertise in different areas of the field of Business Administration and its related disciplines, members of the local and international business community and an International Advisory Board.

GUÍA PARA LA REDACCIÓN DE RESEÑAS BIBLIOGRÁFICAS

- Tipo de libro reseñado: Libros de temas del área de la Administración de Empresas y textos académicos
- Título del libro: Tomado de la carátula, número de páginas
- Autor del libro: Apellidos, nombre
- Nombre del traductor (si lo tiene)
- ISBN
- Editorial, ciudad y fecha
- Fortalezas (puntos del porqué el ejecutivo debe leerlo, cómo está estructurado el libro: partes, capítulos, entre otras)
- Debilidades (puntos no tan atractivos del libro)
- Dos páginas, a doble espacio
- Letra *Times New Roman*, tamaño 12

GUIDELINES FOR THE REDACTION OF BIBLIOGRAPHICAL REVIEWS

- Types of books reviewed: Books related to business administration and academia topic
- Title of book: Taken from the title page, number of pages
- Name of translator (if any)
- ISBN
- Publisher, city and date
- Strengths (arguments to demonstrate why an executive should read it, how is the textbook structures: parts, chapters among others)
- Weaknesses (less attractive aspects of the textbook)
- Two pages, double spaced
- Types, *Times New Roman*, size 12

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