

# AN ANALYSIS OF EXPORT MARKET DEVELOPMENT BY SMALL AND MEDIUM MANUFACTURING FIRMS FROM THE NIAGARA REGION OF CANADA

Sharmistha Bagchi-Sen  
Department of Geography  
State University of New York at Buffalo  
Buffalo, NY 14261

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## 1. Introduction

Rugman and Verbeke (1990) notes that "for businesses located in small open economies, like Canada, which do not form a part of the triad, it is of paramount importance to secure access to the market of at least one of the triad powers. This is essential for the long-term survival, profitability and growth of the corporation and thus for the nation (pp. 1-2)". In terms of trade, the United States is the best triad partner for Canada and during the last decade the trade liberalization agreements (FTA and subsequently NAFTA) have been undertaken to further optimize upon the close trade relationship between the two neighboring nations. However, it should be noted that current policies are geared towards improving firm-specific advantages (FSAs) in the global market and not in sheltering or protecting firms. Parallel firm-level decisions also focus upon efficiency-based strategies to improve core competencies in terms of cost, differentiation, or focus (Porter 1990; Rugman and Verbeke 1990). In addition, they may realize that their competitive advantage may be enhanced through government regulation and intervention: "Firms may also be involved in bargaining with government, or in exercising corporate social responsibility to merge private sector economic objectives into public sector social and political values" (Rugman and Verbeke 1990, p. 11). In Canada,