

Two other factors known to affect export performance are collaboration (eg. entry strategy) and the use of external technical support. Collaboration in the form of joint ventures, co-licensing agreements, alliances allow firms to attain higher levels of scale economies, access technologies, share information on products and markets--collaborations are often a formidable force against competitors. For similar reasons, a firm may utilize external services such as private consultants and government agencies. The volume, intensity, and diversity of external technical support positively affects export performance (Bryson et al. 1993, Denis and Depleteau 1985, MacPherson 1995, Seringhaus 1991, Sinkula 1990, Smallbone 1993).

Export Orientation, FTA, and NAFTA: Trade agreements are expected to facilitate export market development. Again, the thrust of the literature is quite biased toward large or multi-plant establishments. This study is designed to evaluate the impact of FTA and NAFTA on the competitiveness and performance of SMFs in the Niagara Region. Competitiveness is defined to include scale economies, productivity, employment level, capital investment, and R&D spending. Two types of performance measure are used: profitability and exports to the U.S. and Mexico (NAFTA only). It is argued that SMFs with low versus high export orientation will experience different levels of impact under the FTA and NAFTA environment.

3. Research Methodology and Results

A sample of 250 SMFs was selected from a list of approximately 800 manufacturing firms in the Niagara Region using the random sampling method. The first round of mail survey yielded a 10 percent response. The actual response rate was higher