

AN ASSESSMENT OF THE EXPORT ACTIVITY
OF SELECTED OKLAHOMA MEAT
PACKING PLANTS

By

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His dedication to serving
the Indians of Mexico
and his personal beauty
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CHAPTER I

INTRODUCTION

The United States is positioned in the world with a great technological advantage in the production of agricultural products and a large domestic market. Historically these two conditions have allowed for companies to compete at ease at home. However, recent trends have turned the world into a global market place. Tough competition forces at home and abroad and the rising living standards of many countries, are making it imperative for U.S. companies to focus on foreign markets in order to survive. The importance of exports and the ability to perform in the global arena are essential to the future strength of the U.S. economy. (Charlet, 1989)

Recently, many experts have taken to the task of studying and presenting a clear picture of exporting and of the exporting process. An article in Business America magazine entitled "Five Steps to Export Profits" discussed the exporting venture in the following steps: (1) Assess Your Export Potential, (2) Get Expert Counseling, (3) Select Market(s), (4) Formulate an Export Strategy, and (5) Select a Selling Technique. In another study, a step-by-step summary of the meat export process is presented in the following steps: (1) The Commitment to Exporting, (2) The Self-

Discovery Process, (3) Market Research, (4) Choosing a Market Entry Method (Direct or Indirect), (5) Selecting the Target Markets, (6) Visiting the Target Markets, (7) Deciding Whether to Sell Through Foreign Distributors (Indirect), and (8) Understanding the Mechanics of Exporting. (Skold, 1987)

These steps, presented in a simple way, actually consist of many decisions. Each one implies an open window of opportunities if the firms involved consider the hard work and attention to detail needed to achieve success in international markets. "The decision to participate in international trade results from a careful examination of company objectives and resources." (Charlet, 1989, p.872.1)

Preliminary research for this study was based on the premise that much knowledge is needed about the exporting activity of Oklahoma companies. Also, that by studying a group of companies' exporting activity, the learning obtained could in turn be used to enhance their export business and to help other companies to start exporting.

The "Oklahoma Directory of Manufacturers and Processors 1988-1989 Edition" was used to choose an industry in which to conduct this study. The Oklahoma Food and Kindred Products industry was chosen based on its importance for the economic development of Oklahoma. According to Oklahoma Futures, a "statewide public-private economic development partnership to guide Oklahoma's future" (Daniels, 1987, p.i), food processing should be an important part of Oklahoma's economic development and job creation goals. (Tilley, 1990) The Oklahoma Food industry ranked fifth in employment among thirteen major industries in Oklahoma. ("Oklahoma Directory

of Manufacturers and Processors 1988-1989 Edition")

The industrial section of the directory above mentioned, listed 362 companies operating in Oklahoma's Food and Kindred Products industry. From these 362 companies, 102 belonged to the Meat Products group which ranked first in number of companies and in employees among nine groups in the industry. Inside this group, the Meat Packing Plants sector ranked first in number of companies and in employees. The Meat Packing Plants sector ranked first in number of companies and fourth in number of employees among all 36 sectors in the industry. ("Oklahoma Directory of Manufacturers and Processors 1988-1989 Edition")

Research on the number of Oklahoma companies that were currently exporting, showed that only 22 meat packing plants were listed as exporters or potential exporters. (various Oklahoma Dept. of Commerce and Agriculture directories)

The Meat Packing Plant sector of Oklahoma Food and Kindred Products industry was chosen for this study based on its importance in generating employment, and because that agreed with Oklahoma's goals for economic development. Another reason for choosing this sector was its small number of exporters in spite of being the largest sector in the industry. Learning about the exporting activity of these companies could help assure their future employment capabilities, and possibly to direct other companies to start exporting.

Statement of the Problem

The importance of exports to generate employment and to promote growth at home are recognized today in the U.S. as the driving force to decrease the trade deficit and to lessen the effects of depressions on the economy. However, what is not well known by many companies that have not yet exported is how the exporting process starts, what motivates or hinders companies' exports, and what are the mechanisms or tools used in exporting.

This problem seems to be of crucial importance for states like Oklahoma that need to diversify their economies, while offering their companies a larger market base, and their residents a better employment picture. It becomes clear then, that there is a need to educate businesses in the art of exporting by providing them with access to actual hands-on information of the exporting process, its risks as well as its benefits.

Purpose of the Study

The purpose of the study was to assess selected factors associated with the export activity of a group of businesses in the Oklahoma red meat industry. A further purpose was to provide a profile that could be used by other companies in the red meat industry for involvement in exporting activity.

Objectives

The following objectives were considered appropriate to satisfy the purpose of the study:

1. To identify which companies from the Meat Packing Plants Sector of Oklahoma's Food and Kindred Products Industry were currently involved in exporting.

2. To determine selected demographic characteristics of the currently exporting companies identified for the study.

3. To determine which of a group of selected factors served as incentives for companies to become involved in exporting.

4. To determine the extent to which a given list of outside resources were of assistance in establishing the companies' exporting business.

5. To determine the companies' interpretation of the immediate future of their export activity and to identify related policy decisions.

6. To determine the extent to which selected issues had been a problem to those companies' exporting activity.

7. To determine the extent to which selected educational exporting workshops, materials and programs had been helpful in aiding the companies' export activity.

8. To determine the extent of use of selected modes of transportation utilized by the companies to take their products to an export point.

9. To determine the extent of use of selected exporting intermediaries.

10. To determine the companies' percentage of the dollar

value of export sales.

11. To determine the companies' percentage of the dollar value of export sales by country/region(s).

Scope of the Study

For the purposes of accomplishing the objectives above mentioned, two groups of Oklahoma meat packing plants were selected for the study.

The initial group consisted of companies selected from possible exporters fitting the Department of Commerce categorization Standard Industry Code 2011 (SIC 2011): Meat Packing Plants sector.

In selecting the initial group, it was found the total number of companies in Oklahoma's Meat Packing Plants sector was 69 according to the "Oklahoma Directory of Manufacturers and Processors 1988-1989 Edition". This group of 69 companies represented the universe of potential exporters. However, because this study effort was intended to deal with exporting companies a second group of 24 were identified from the original group of 69. These 24 were selected because they were listed in four directories of current or potential exporters of meat and/or meat products in Oklahoma.

From this second group, a total of five businesses were selected based upon the disclosure that they were actually involved in exporting at this time.

Assumptions

The following assumptions were accepted regarding to this study:

1. The companies selection process used by the researcher was exhaustive enough as to select a group of currently exporting companies that could come close to the real number of companies exporting in the Oklahoma Red Meat Packing Plants sector.
2. The companies identified were representative of all Oklahoma exporting companies in the Department of Commerce categorization SIC 2011: Meat Packing Plants sector.
3. The questionnaire and interviews supplied valid and useful information.
4. The companies' executives interviewed provided sincere and reliable responses.

Limitations

1. There exists the possibility that not all of Oklahoma Meat Packing Plants that were currently exporting their products, were included in the population of the study.
2. Only a few of the different components of an exporting activity were considered when developing the questionnaire. Important factors of the export activity that were not included were: Marketing; Advertising; Use of Internal company resources, e.g. Management; and many others.

Definition of Terms

Some expressions, names and acronyms used in the body of this document, as well as in the questionnaire were defined as follows:

Center for International Trade Development (CITD): Oklahoma State University Center for International Trade Development was mandated by OSU Board of Regents on March 15, 1985. It has four divisions to provide company assistance with global trade issues. They are: Business and Trade Consulting, Seminars and Workshops, Culture and Language Resource Center, and International Consulting. (OSU CITD brochures) "CITD works with OSU's Division of Agriculture to provide university programs, people, and resources to support and complement state, regional, and national agencies involved in export promotion." (Eshleman, Henneberry and Henneberry, OSU Extension Facts, No. 860, pp.860.1)

Export Management Companies (EMC) and Export Trading Companies (ETC): These firms provide services such as market research, overseas contacts, product promotion, trade shows, financing, shipping, and documentation. "EMC's generally restrict their activities to exporting, while ETC's engage in imports as well". (Eshleman, Henneberry and Henneberry, OSU Extension Facts, No.860, pp.860.3-4)

Export Point: Refers to the location (e.g.: Port, Airport) to which products are taken to be exported.

Exporter: An individual or business who engages in selling products outside of the U.S.A.

Foreign Exchange Rate: "The foreign exchange rate is the value of the dollar with respect to a foreign currency. The U.S. dollar and several other currencies" fluctuate according to the demand and supply for the currency, their relative values changing accordingly. (Henneberry, Heneberry and Gleckler, OSU Current Report, No.490, pp.490.1)

Freight Forwarder: An independent business which engages in export shipments. It provides information and assistance on U.S. export regulations and documentation, shipping methods, and foreign import regulations. (Leza, 1990)

Made in Oklahoma Program: It is a marketing program which allows producers, manufacturers, and retailers to identify products originating in Oklahoma. Its purpose is to emphasize to consumers the availability of Oklahoma-made goods. The program is sponsored by the Market Development Division of the Oklahoma Department of Agriculture. ("Our Best To You, Made in Oklahoma", Oklahoma Department of Agriculture brochure)

Meat Packing Plants: It consist of firms that process red meat products, primarily beef and pork cuts and by-products.

Red Meat Industry: The red meat industry, which produces primarily beef and pork, includes meat packing plants (SIC 2011) and establishments that prepare sausage and other processed meats (SIC 2013) (U.S. Department of Commerce, 1991)

Service Corps of Retired Executives (SCORE): Members of SCORE provide assistance in evaluating export potential and strengthening domestic operations by identifying financial,

managerial, or technical problems. It is sponsored by the Small Business Administration (SBA). (Business America, May 7, 1990, pp.16)

Standard Industry Code (SIC): It is the Department of Commerce categorization for major groups of industries. It was developed to facilitate the collection, tabulation, presentation, and analysis of data relating to businesses. All manufacturing industries are broken into two-digit 20 major groups from 20 to 39 (e.g.: SIC 20: Food and Kindred Products). Major groups are then broke down into three-digit groups (e.g: SIC 201: Meat Products). A final breakdown divides the groups into four-digit industries (SIC 2011: Meat Packing Plants). ("Oklahoma Directory of Manufacturers and Processors 1988-1989 Edition")

Value-Added: Processes which result in value being added to raw materials after they have been put through some form of processing. It is the difference between the cost of inputs and the price of the final product. This process of adding value is of vital importance to economic development as it generates incomes and creates jobs. (Henneberry and Woods, OSU Extension Facts, No.863)

CHAPTER II

REVIEW OF LITERATURE

Introduction

This chapter presents a review of the literature relevant to the exports of Oklahoma meat products.

The chapter consists of three sections and a summary. Section one deals with an overview of U.S. agricultural exports. Section two presents an overview of Oklahoma agricultural exports, and section three reviews other research and topics relevant to the subject.

Overview of U.S. Agricultural Exports

Agricultural exports contributed \$17.2 billion to the balance of trade in 1990, out of \$39.6 million of exports and \$22.4 million in imports, according to the International trade Administration. This surplus is expected to decline in 1991, because of declines in export price and volume of the major grain crops. (Jelacic, 1991)

By means of the Standard Industry Code (SIC), the U.S. Department of Commerce identifies groups of industries. Major Groups are designated by two digit codes. For example the U.S. Food and Kindred Products industry is identified as

SIC 20. These are then subdivided in the following three digit product-subgroups: 201 Meat, 202 Dairy, 203 Preserved Fruits and Vegetables, 204 Grain Mill, 205 Bakery, 206 Sugar and Confectionery, 207 Fats and Oils, 208 Beverages, and 209 Miscellaneous Foods and Kindred Products. The Meat Packing Plants sector (SIC 2011), upon which this research focuses, is a subdivision of the Meat Products subgroup. ("Oklahoma Directory of Manufacturers and Processors 1988-1989 Edition")

Total exports of Food and Kindred products originating in the United States in 1989 reached \$15,706,728,900 (U.S. Department of Commerce, 1990c) The 1991 U.S. Industrial Outlook Report indicated that out of this total, exports of red meat reached \$3,951 million in 1989 and \$4,113 million in 1990; and that the five top export markets for this industry, were as of 1989: Japan, Korea, Canada, and Mexico. In the same report, the International Trade Administration stated that for 1990 major U.S. Red Meat exports were: Hides and Skins, 36%; Beef Products, 33%; Offals, 9%; and Pork Products, 8%; which occurred mainly to the same countries above mentioned. (U.S. Industrial Outlook 1991)

Japan is the leading export market for U.S. beef. Exports of beef and veal products to Japan reached \$868 million in 1989. (Lin, 1991) Another top importer, Korea, has become a major potential market for U.S. beef. In 1988, Korea imported \$25.6 million of beef, and it reached \$116 million in 1990, about 30% of all Korean imports. (Jones, 1991)

In August 1988, with the liberalization of the Mexican economy, Mexico started a process of internal markets

adjustment. This has caused the demand for livestock and livestock products to increase, as national suppliers adjust to the growing demand for food. On January 1989, import duties on livestock were reduced to 10% with the possibility of total elimination of duties as Mexico join the coming 1992 U.S.-Mexico Free Trade Agreement. The U.S.-Mexico agricultural trade (exports and imports) reached \$5 billion in 1989. Mexico imported \$2.7 billion of U.S. agricultural products in that year. (Farmline, 1991) All of this scenario implies ample opportunities for U.S. exporters of meat and meat products. (Beyer, 1989)

Overview of Oklahoma Agricultural Exports

Agricultural exports of Oklahoma reached \$57,218,284 million in 1989, according to the U.S. Department of Commerce Bureau of the Census. The state ranked 33 among all states in the U.S. in exports of Food and Kindred products.

The top 10 international markets for Oklahoma food products in 1989 were in order of importance: Mexico, Japan, Belgium, Korea, France, Australia, U.S.S.R., Chile, Venezuela, and Taiwan. (U.S. Department of Commerce, 1990b)

According to the "Oklahoma Directory of Manufacturers and Processors 1988-1989 Edition", the state had a total of 314 food manufacturers which provided employment for 10,815 people. A total of 69 Meat Packing Plants employed a number of 2,880 people, and were located throughout the state. The Meat Packing Plants sector ranked fourth in employment in Oklahoma Food and Kindred Products industry. Most plants

were small with 59 plants of forty nine employees or less. There were 3 medium size plants with fifty to ninety nine employees and 7 large plants with over one hundred employees. Most large plants were located in Oklahoma City. ("Oklahoma Directory of Manufacturers and Processors 1988-1989 Edition")

A 1984 study found that even though Oklahoma meat processors were small, they had a significant investment in capital assets and generated considerable sales. (Ward, 1984)

Among all Oklahoma industries, Oklahoma Food and Kindred Products represented 7% of the value-added by manufacture and 6% of employment. The state's food processing industry was relatively small, but with a potential for expansion. (Henneberry, 1988)

Review of Related Research

Among the studies reviewed, some that influenced the design of this research were:

1. "Oklahoma Value-Added Agricultural Export Industry: An Analysis of Export Market Activities" - The purpose of this study was to determine the level of export involvement and activity of nineteen Oklahoma firms. Its objectives were to assess the firm's level of marketing research, foreign travel and international show participation. (Charlet, 1990)

2. "Impacts of Agricultural Exports on the Oklahoma Economy" - Its main purpose was to collect information on the exports of thirteen Oklahoma agricultural producers. It gathered data with regard to the year exports began, on products exported by country of destination, years exported,

export barriers, agencies or individual that were helpful in resolving export problems, overseas distribution and freight forwarding, among others. (Fisher, 1983)

3. "A Survey of the Export Activity of Oklahoma Manufacturers" - The objectives of this survey were: (1) To determine which Oklahoma manufacturers were currently involved in exporting, (2) To describe the extent and type of exporting being done by each firm, (3) To determine what factors motivated firms to turn to exporting and how they established themselves in the exporting business, (4) To understand potential exporting obstacles, (5) To determine if there are any organizational characteristics which are important to exporting effectively, (6) To understand perceived impediments of export entry by those firms which are not currently exporting, and (7) To determine what types of educational programs and materials will best aid the potential and current exporters in the state. (Bruneau, 1986)

The study on the impacts of agricultural exports on the Oklahoma economy found a significant relationship between agricultural exports and the level of output of goods and services, employment and income in Oklahoma. It stated that in 1980, \$3.6 billion in goods and services implied \$745 million in total income and the creation of 72,000 jobs. (Fisher, 1983)

One study indicated that the major problems facing exporters were: Obtaining foreign distributors, foreign bureaucratic delays, tariffs barriers and collection of foreign sales dollars. Other problems encountered were: Lack of information on export opportunities by country, U.S.

government regulations, advertising/sales support, and many others. (Bruneau, 1986)

Another study cited the relative strength of the U.S. dollar against major foreign currencies, as the most frequently problem encountered by Oklahoma exporters of agricultural products. It also stated that transportation cost alone was sometimes higher than the price quoted by competitors in foreign countries. Other frequent problem cited as effective barriers to exports, were those caused by foreign government regulations, e.g.: tariffs, quotas, and subsidies to local producers. (Fisher, 1983)

Other barriers mentioned included: inexperienced in exporting, lack of communication with customers, product acceptance and distribution in foreign markets, and shipping and packaging specifications. (Charlet, 1990)

Research findings with regard to agencies that aided exports indicated the large majority of exporting firms used export agents, either domestic or foreign. Also that, trade shows, the Southern United States Trade Association (SUSTA), the U.S. Department of Agriculture, banks, and trading companies, helped in locating foreign buyers. This same study found that there was a need for more state and local involvement in the promotion of agricultural exports and international market research. (Fisher, 1983)

The survey on exports of Oklahoma manufacturers found that the percentage of outside assistance in establishing the firms exporting business, ranked in order of descending importance as follows: 43% U.S. Department of Commerce, 27.6% U.S. Customs Service, 20.8% State Universities, and 18.6% the

Oklahoma Department of Agriculture. (Bruneau, 1986)

With respect to attendance and interest in attending educational exporting workshops, the same study above found that 33.8% of the companies surveyed attended a workshop or seminar, and that 43.1% were interested in attending. The most popular topics cited were: export shipping and documentation, basics of exporting, export pricing, and export marketing. The firms stated education should conform to the specific needs of small exporters. (Bruneau, 1986)

The survey of the value-added agricultural exporters indicated that 38% of all exporters had traveled abroad for the purpose of attending international trade shows or scouting potential markets. Foreign travel included: Europe, South America, Japan, Australia and New Zealand.

(Charlet, 1990)

Oklahoma agricultural exporters indicated that many Oklahoma banks lacked exporting departments, and that therefore they used banks from other states. About one third of these same firms stated that they exported directly to foreign customers, and that they used freight forwarders to handle shipments. In general, value-added exporters exported directly to customers, and exporters of raw agricultural commodities used large exporting firms. (Fisher, 1983)


With respect to modes of transportation to an export point, one study found shipments were done mostly by truck, followed by railcar and barge. (Fisher, 1983) In transporting products to foreign customers, the percentage ranking of usage in descending order of importance was as follows: 38% Freight Forwarders, 28.5 Export Trading

Companies, 26.2% Export/Import Banks, and 23.1% Export Management Companies, according to another study. (Bruneau, 1986)

It was found that a big percentage of the products of Oklahoma agricultural firms were exported to middle to lower income countries. (Fisher, 1983)

According to the survey of Oklahoma exporting manufacturers, the top 10 major countries served were: Canada, Mexico, United Kingdom, Australia, Saudi Arabia, Venezuela, Japan, France, West Germany, and Italy. This list, of course, included exports of non-agricultural products, but it includes five of the top 10 Oklahoma agricultural export markets. (Bruneau, 1986)

Summary

It was found through the review of literature that Japan, Mexico, and Korea are the top three foreign markets for exports of both Oklahoma and the U.S. 

There are indications that agricultural exports promote job creation and income generation in Oklahoma.

Various studies considered found that: Obtaining foreign distribution and the strength of the dollar against other foreign currencies were cited as the most important barriers to exporting. Export Agents were found to be the exporting intermediary most frequently used. It was stated that Trade Shows were the most used way in finding foreign customers. The U.S. Department of Commerce ranked first in helping established initial exporting efforts. The most popular

workshop on exporting was the Export Shipping and Documentation seminar. Trucks were indicated as the most used mode of transportation to take products to an export point. Most firms stated they exported directly to foreign customers and used Freight Forwarders to ship their exports.

CHAPTER III

METHODOLOGY

Introduction

This chapter describes the procedures for conducting and analyzing the assessment of the export activity of Oklahoma Red Meat Packing Plants. It explains the method followed in selecting the population. It describes the development of the questionnaire, and the procedures used to collect and analyze the data obtained.

Population for the Study

In order to accomplish the purpose of the study, assessing selected factors associated with the export activity of Oklahoma red meat businesses, it was necessary to determine how many companies were currently involved in exporting.

To select the population the researcher visited the Oklahoma Department of Commerce, and the Oklahoma Department of Agriculture at their main offices in Oklahoma City. From those two government agencies, four directories of Oklahoma companies were obtained. They were:

1. "Oklahoma Exporters Directory", compiled by the

Oklahoma Department of Commerce from the 1985 Oklahoma Directory of Manufacturers and Products and the Directory of U.S. Exporters.

2. "Exporting Oklahoma Manufacturers", compiled by the Oklahoma Department of Commerce, Research and Planning Division, Business Information Unit.

3. "Oklahoma Food and Agricultural Product Directory", published by the Oklahoma Department of Agriculture; and,

4. "Oklahoma Agricultural Exporting Directory", prepared by the Oklahoma Department of Agriculture, International Marketing Division.

A list of 22 companies was drawn from the above directories. It included those companies that were clearly identified as exporters, and companies that were listed in the "Oklahoma Agricultural Exporting Directory" as exporters or interested in exports.

The researcher contacted by phone a trade specialist at the Oklahoma Department of Commerce, Mr. J. C. Johnson, to inquire about the observed discrepancy among companies listed in all four directories. It was concluded that directories are usually made by mailing surveys, and that they reflect only those companies that responded to the survey.

An international trade coordinator at the Oklahoma Department of Agriculture, Mr. Haidar Haidary, was contacted. He was able to identify some new companies that were to his knowledge currently exporting, and to identify some of the companies in the selected list of 22 that had stopped exporting, and/or stopped operations. From this a new list of 24 companies resulted.

Then, the researcher conducted a telephone survey on the group of 24 companies which were listed as exporters or interested in exports in the four directories above mentioned. A total of 16 firms were identified as meat packing plants as defined for purposes of this study. From these 16 meat packing plants, five were found to be currently exporting.

Finally, these five Oklahoma meat plants were chosen as the final population of the study and were surveyed with a questionnaire to collect data on their exporting activity.

Development of the Instrument

Two instruments were developed to answer the objectives of the study. A telephone survey instrument (See Appendix A for copy of this instrument) to answer objective 1: To identify which companies from the Meat Packing Plants sector of Oklahoma's Food and Kindred Products industry were currently involved in exporting; and a questionnaire (See Appendix B for copy of this instrument) to answer objectives 2 to 11, which involved collection of data from companies currently exporting.

The telephone survey instrument consisted of four questions including: a question on the company's line of business, which was designed to determine whether the company was a meat packing plant or not; a question about the company's exporting status that was designed to determine if the company was currently exporting or not; a third question

explored whether the non-exporters had future plans to export or not; and, a fourth question on whether there was a desire to receive information on the results of this study or not.

The questionnaire was designed to be administered to these companies which were found to be currently involved in export trade. Questions were grouped in five major sections corresponding to objectives 2 to 11 of the study. The first section had three questions and asked for general company demographics. It included a question about the company's plant(s) location, another question about the starting year of export operations, and a question asking for the list of products currently been exported. The second section had four questions and asked about the company's export beginnings and forecast. It included a question on the reasons for which the company began exporting, a question on the extent to which a given list of government agencies, foreign representatives, and export companies were of assistance in developing the company's exporting activity, another question about perceived change over the next three years of the company's export activity, and a last question on company policy resulting from changes in the export activity, over the same next three years. The third section asked one question about the extent to which a given list of export barriers were a problem to the company's export activity. The fourth section asked one question about the extent to which a given list of exporting workshops, exporting materials, and exporting programs were helpful in aiding company's exports. The fifth and last section asked four questions about export product transportation and

destination. It included a question on the extent to which a given list of modes of transportation were used, a question on the extent to which a given list of exporting intermediaries were used, another question about the percentage of the dollar value of the company's sales in a typical year, and a last question on the percentage of the dollar value of company's exports to each country/region(s).

In the process of developing the second questionnaire, the researcher considered several other instruments: a questionnaire developed by Daniel S. Tilley et. al. (1990); another developed by Carol Lorraine Bruneau (1986); and, one developed by Dana Joyce Fisher (1985)). It was then reviewed by an Associate Professor of Oklahoma State University Department of Agricultural Economics, Dr. David Henneberry, and by the researcher's major advisor, Agricultural Education professor and head, Dr. Robert Terry.

A draft of the questionnaire was submitted to a statistician at the Oklahoma State University Department of Statistics, Mr. Robert Wilson, for review and comments on possible statistical analysis upon collection of data.

The instrument was then reviewed and evaluated by the researcher's fellow graduate students for validity and objectivity. All valuable suggestions were included in the final instrument.

The questionnaire was also submitted to the Oklahoma State University Internal Review Board for surveillance and permission to continue, according to federal regulations and Oklahoma State University policy regarding research involving human subjects. Approval was granted by the Board.

The purpose, importance of the study, and a statement of confidentiality were included at the beginning of the questionnaire. Questions were worded accordingly to simplify meaning and need for instructions.

The questionnaire was designed to be used in personal interviews, but it was also appropriate for mailing, or for conducting a telephone interview, if it was deemed necessary.

Instrument Administration

All of the 24 companies selected for the study were contacted by phone. Data were collected on whether these companies were meat packing plants or had another line of business. Also, information was requested on whether the companies were currently exporting or not. If they were not exporting, it was asked whether they had future plans to export or not. Finally, it was asked if they wanted to receive information on the results of this research. (see appendix C for a summary of participating companies' status)

The second instrument, the questionnaire, was used to collect data from the companies that were currently exporting, by surveying company executives who were involved in the company's exporting activity. This included company owners, export managers, and other company staff members.

The questionnaire was administered in the following manner: two personal interviews were conducted by the researcher at company premises lasting an average of 50 minutes each; one questionnaire was personally delivered by

the researcher to the company executive, and the completed copy was obtained 5 days later; and telephone interviews were conducted with the other two respondents lasting an average of 15 minutes each.

The purpose of the study and the opportunity to withdraw from participation were explained to each company executive interviewed in accordance to Oklahoma State University Internal Review Board of regulations (OSU-IRB). A consent form was attached to the survey instrument and explained to each respondent (see appendix B). This was also done to create rapport for the importance of the study, and to create an atmosphere directed towards obtaining the best quality information and cooperation from the respondents.

Those surveyed were furnished with a copy of the questionnaire. The researcher took note of the answers to all questions. By the process of personal interviews and telephone calls, the researcher obtained one hundred percent response.

Data Analysis

Several types of analysis were used to provide treatment of collected data from the questionnaires. Descriptive statistics such as: frequencies, percentages and means, were manually calculated on the responses to most questions.

Answers given by each respondent for each question on the instruments were summarized and scored where appropriate. The data were compiled and tabulated in a manner designed to better relate to the objectives of the study.

In order to facilitate the description and analysis of collected data to observe similarities and trends, each one of the five companies in the study was assigned a letter from A to E. Therefore, companies were called Company A, Company B, etc.

Likert-type scales were used to provide mean responses with which to analyze the extent of helpfulness, use, and problem of selected issues.

The means obtained were ranked for tabulation purposes, and always presented in descending order.

To determine the mean responses, the frequency of responses to each category on the scale were multiplied by a value assigned to that category. Then these products were summed and the sum divided by the number of respondents to determine a mean response. The mean responses were then interpreted by use of the following scales:

Comparison	Numerical Value	Range of Actual Value	Mean Response Category
Extent Helpful	3	2.50 - 3.00	Very Helpful
	2	1.50 - 2.49	Helpful
	1	1.00 - 1.49	Not Helpful
Extent Problem	3	2.50 - 3.00	Major Problem
	2	1.50 - 2.49	Moderate Problem
	1	1.00 - 1.49	No Problem
Extent Used	3	2.50 - 3.00	Most Used
	2	1.50 - 2.49	Used
	1	1.00 - 1.49	Never Used

CHAPTER IV

FINDINGS

Introduction

The objective of this chapter is to present selected factors of the export activity of a group of Oklahoma meat packing plants. These factors were selected to help develop an exporting profile that could be used by other companies in the Meat Packing Plants sector of Oklahoma Food and Kindred Products Industry, to start exporting.

This chapter describes and analyzes collected data in keeping with the objectives previously outlined in this study. Thus, this chapter reports on the information collected by surveying company executives that were involved in the company's exporting activity.

Findings with Regard to Identification and Involvement in Exports of Selected Oklahoma Meat Packing Plants

Twenty-four companies were initially selected as exporters or potential exporters to be surveyed on whether they were red meat packing plants currently involved in exporting.

A total of 16 of the 24 companies selected for the study were found to be red meat packing plants. The other eight firms indicated a different line of business. Of the latter, six were identified as meat processors, one was a rendering company, and the other company indicated it raised the cattle and then contracted the packing.

The status of the 16 meat packing plants was varied. One company indicated that it exports from a plant in another state, but not from Oklahoma. Three companies indicated they were no longer in business, seven companies said they were not exporting at the moment. Of these seven non-exporting meat packing plants, four responded they had no plans to export in the future and three said they will consider exporting. There were five red meat packing plants which were currently exporting their products. These five companies were chosen as the final population of the study.

Findings With Regard to Companies Currently Involved in Exporting

Location

All five companies in the study had packing plants in the state of Oklahoma. Two of those companies were found to have packing plants in other states besides Oklahoma. These two companies were identified as Company D and E respectively, for purposes of later data presentation.

Year in Which Export Operation Started

The years in which export operations began ranged from 1925 to 1990. The other three companies started their export activity in 1935, 1987, and 1989 respectively. Figure 1 identifies each company (represented by letters A to E, from now on) with the year in which each started export operations, and the number of years each has been exporting.

Products Currently Exported

One company was found to be exporting only beef cuts, while another was found to export both beef and pork cuts and products. The other three companies exported only pork and pork products. The number of products exported ranged from two to five. Two companies exported only value-added products, and two exported products without value-added. The majority of pork products were value-added products.

Table I shows the exported products by category, beef or pork, and indicates those with value-added.

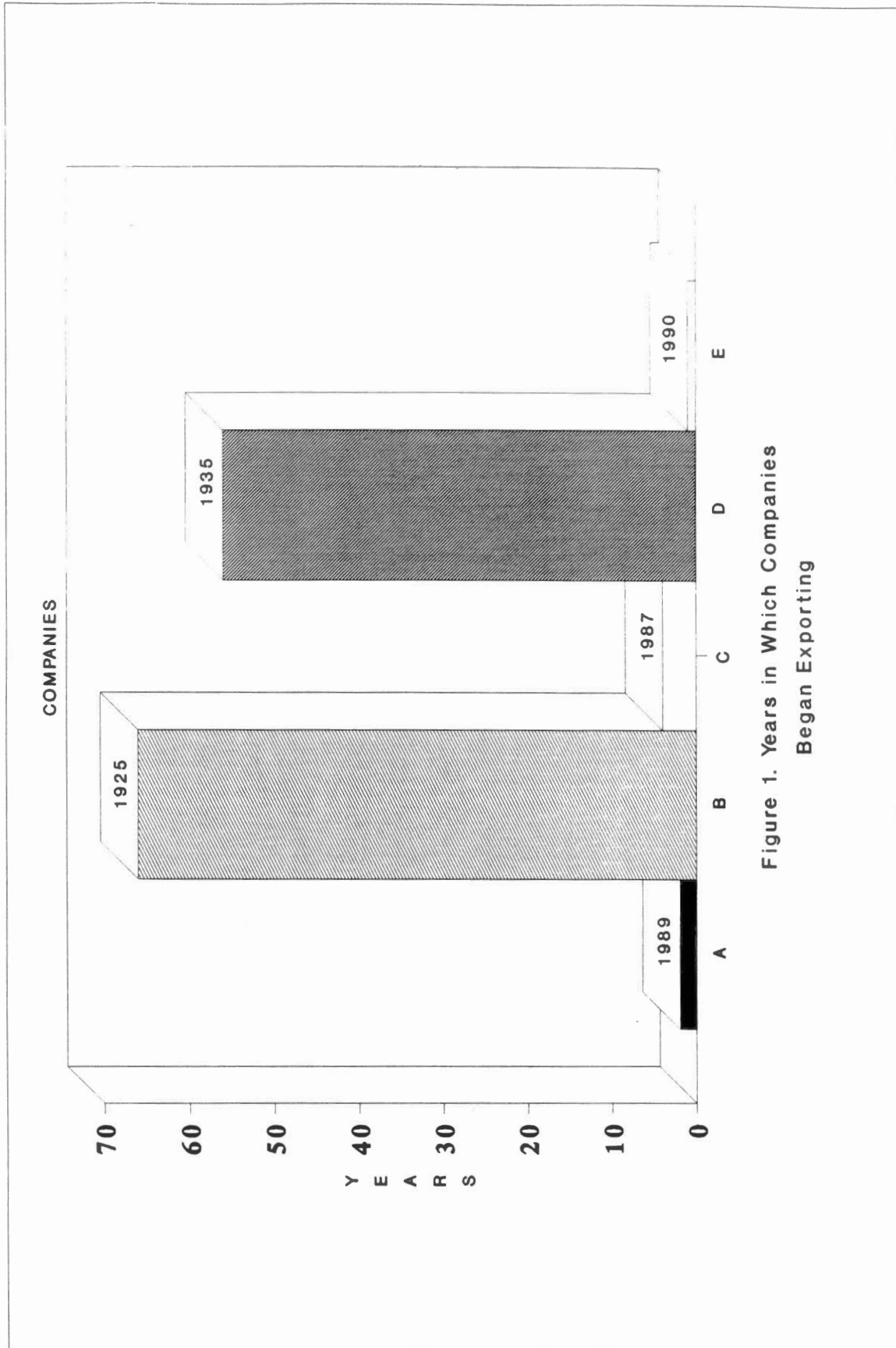


Figure 1. Years in Which Companies Began Exporting

TABLE I
 PRODUCTS CURRENTLY EXPORTED BY
 CATEGORY/VALUE-ADDED

Company	Products	Beef	Pork	Value-Added
A	Ham Slices		X	X
	Old Fashioned Ham		X	X
	Hot Dogs		X	X
	Bologna		X	X
	Ham Portions		X	X
B	Choice Beef	X		
	Prime Cuts	X		
C	Beef By-products	X		
	Beef Cuts	X		
	Pork By-products		X	
	Pork Cuts		X	
D	Fresh Pork Products		X	
	Processed Pork		X	X
	Pork Offals		X	
E	Hot Dogs		X	X
	Sliced Lunch Meats		X	X

Findings Regarding Reasons Companies
 Began Exporting

The reasons that compelled the companies to start exporting were as follows: All companies indicated that they were contacted by a foreign buyer, and that exports were seen as an opportunity to increase sales. Three of the five companies considered exporting as part of their long-term strategy. Two of the companies said they recognized that there was high foreign demand for their products. Only one started exporting after it was seen that competitive firms were successfully exporting. None of the five companies

hired an export manager to promote initial exports, nor did any begin exporting because of attending a workshop or seminar on exporting.

Table II which follows presents the reasons to begin exporting ranked according to the number of firms that responded to each reason.

TABLE II
RESPONSES AS TO FACTORS THAT MOTIVATED
INITIAL EXPORTS

Reasons to Start Exporting	Number of Firms
Received an order from a foreign buyer	5
Opportunity to increase sales	5
Long-Term strategy	3
High foreign demand for firm's product	2
Competition was successfully exporting	1
Declining sales	0
Hired an export manager	0
Attended a workshop or seminar on exports	0

Findings Regarding Helpfulness of Government
Agencies, Foreign Representatives, and
Exporting Companies Establishing
Export Business

This section was developed to summarize findings regarding respondents' perceptions of the extent of helpfulness of selected government agencies, foreign representatives, and exporting companies in establishing the export business.

These government agencies, foreign representatives and exporting companies were categorized as "Very Helpful", "Helpful", or "Not Helpful" in establishing the companies' initial exporting efforts.

Government Agencies

As reported in Table III, and determined by levels of mean responses, government agencies found to be "Helpful" on the average were the Oklahoma State Department of Agriculture, Oklahoma State University's Department of Agricultural Economics and CITD, and the International Trade Association. Those found to be "Not Helpful", were the Oklahoma State Department of Commerce, the U.S. Chamber of Commerce, the Small Business Administration, the Export/Import Bank of the United States (EXIMBANK), the U.S. Trade Customs, and the University of Oklahoma.

TABLE III
 EXTENT OF HELPFULNESS OF SELECTED GOVERNMENT AGENCIES
 IN ESTABLISHING EXPORT BUSINESS

AGENCIES	MEAN	EXTENT OF HELPFULNESS
Oklahoma Department of Agriculture	1.8	Helpful
Oklahoma State University	1.6	Helpful
International Trade Association	1.6	Helpful
Oklahoma Department of Commerce	1.4	Not Helpful
U.S. Chamber of Commerce	1.2	Not Helpful
Small Business Administration	1.0	Not Helpful
Export/Import Bank (EXIMBANK)	1.0	Not Helpful
U.S. Trade Customs	1.0	Not Helpful
University of Oklahoma	1.0	Not Helpful

Foreign Representatives

Considering the perceived extent of helpfulness of selected foreign representatives, on the average, all companies found End-Users to be "Helpful" in establishing initial exports as reported in Table IV. Sales Representatives, Distributors, and Retailers were found to be "Not Helpful" on the average as reported in the same table.

TABLE IV
 EXTENT OF HELPFULNESS OF SELECTED FOREIGN REPRESENTATIVES
 IN ESTABLISHING EXPORT BUSINESS

REPRESENTATIVES	MEAN	EXTENT OF HELPFULNESS
End-User	2.2	Helpful
Sales Representative	1.4	Not Helpful
Distributor	1.2	Not Helpful
Retailer	1.0	Not Helpful

Exporting Companies

As reported in Table V, the firms found Freight Forwarders to be "Helpful" on the average in establishing exporting business. The other exporting companies considered: Trading Companies, Export Management Companies, and Export Agent/Brokers; were judged to be "Not Helpful" on the average.

Findings Regarding Forecast of Next Three
 Years Exporting Activity, and Policy
 Actions Based on Three Year Forecast

Company executives were asked what they thought would be their company's change in export activity over the next three years. Four of the five thought that their export activity will increase moderately, and one said that the export activity will increase substantially.

TABLE V
EXTENT OF HELPFULNESS OF SELECTED EXPORTING COMPANIES
IN ESTABLISHING EXPORTING BUSINESS

EXPORTING COMPANIES	MEAN	EXTENT OF HELPFULNESS
Freight Forwarder	1.8	Helpful
Trading Company	1.4	Not Helpful
Management Company	1.2	Not Helpful
Export Agent/Broker	1.2	Not Helpful

When asked to decide what policy actions will result from their next three year forecast, four stated that their companies will hire more employees, three stated that their companies will try to penetrate new foreign markets, and two said their companies will educate employees about exporting. None of them thought their companies will lay-off any employees or will concentrate business to state or regional markets.

Findings with Regard to Export Barriers

Respondents were asked to indicate the extent to which a selected group of factors were a problem to the companies' exporting activity. They were asked to indicate if each barrier could be categorized as "No Problem", "Moderate Problem", or "Major problem".

Table VI was constructed to show the mean extent to which each of the export barriers was considered a problem.

As can be seen, none of the barriers was considered to be a "Major Problem". In general, barriers considered to be a "Moderate Problem" on the average were: Obtaining foreign distribution, having sales support in the foreign country, dealing with foreign tariff barriers, foreign product specification, and U.S. red tape.

Issues considered as "No Problem" on the average were: Foreign import quotas, bank financing, lack of information on export opportunities by country/region, foreign language requirements, cultural differences, getting paid by foreign customer, giving customer service, and foreign bureaucratic delays.

Findings with Regard to Educational Exporting Workshops, Materials, and Programs Aiding Initial Exports

Respondents were asked to assess the extent of helpfulness of a selected group of educational exporting workshops, materials, and programs by categorizing them as "Very Helpful", "Helpful", or "Not Helpful" to the companies' initial exporting activity.

Educational Exporting Workshops

Table VII shows the mean extent to which each of the selected educational workshops were judged helpful in aiding the companies' initial exporting efforts. As can be seen, none of the selected educational workshops were "Very

TABLE VI
EXTENT TO WHICH SELECTED EXPORT BARRIERS WERE
PROBLEM FOR EXPORT ACTIVITY

EXPORT BARRIERS	MEAN	EXTENT OF PROBLEM
Foreign Product Specification	1.8	Moderate Problem
U.S. Government Red Tape	1.6	Moderate Problem
Obtaining Foreign Distribution	1.6	Moderate Problem
Sales Support in Foreign Country	1.6	Moderate Problem
Foreign Tariff Barriers	1.6	Moderate Problem
Foreign Import Quotas	1.4	No Problem
Bank Financing	1.4	No Problem
Lack of Information on Export Opportunities by Country/Region	1.4	No Problem
Foreign Language Requirements	1.4	No Problem
Cultural Differences	1.4	No Problem
Getting Paid by Foreign Customer	1.2	No Problem
Giving Customer Service	1.2	No Problem
Foreign Bureaucratic Delays	1.2	No Problem
Foreign Exchange Rate Changes	1.0	No Problem
State Regulations	1.0	No Problem

Helpful" on the average in aiding initial exports.

Workshops found to be "Not Helpful" on the average were those dealing with: the Export Marketing, Export Finance and Methods of Payment, Export Pricing, Export Licensing, and Barter/Countertrade workshops.

Workshops found to be "Helpful" on the average were: Basics of Exporting, and Export Shipping and Documentation.

TABLE VII
 EXTENT OF HELPFULNESS OF SELECTED EDUCATIONAL WORKSHOPS
 IN AIDING INITIAL EXPORTS

WORKSHOPS	MEAN	EXTENT OF HELPFULNESS
Basics of Exporting	1.8	Helpful
Export Shipping and Documentation	1.6	Helpful
Export Marketing	1.4	Not Helpful
Export Finance and Methods of Payment	1.4	Not Helpful
Export Pricing	1.2	Not Helpful
Export Licensing	1.0	Not Helpful
Barter/Counter Trade	1.0	Not Helpful

Educational Exporting Materials

Table VIII reports the mean extent to which selected educational materials were perceived to be helpful in aiding initial exports. The table shows that none of the educational materials were rated as either "Very Helpful" or "Helpful".

In general, all of the selected educational materials were considered "Not Helpful" on the average in aiding initial exports. Those were: the Agricultural Exporter Magazine (U.S. Department of Agriculture), A Basic Guide to Exporting (U.S. Department of Commerce), the International Marketing Handbook (Southwestern United States Trade Association), Market Niche (Oklahoma Department of Agriculture), and Business America magazine (U.S. Department

of Commerce).

TABLE VIII
EXTENT OF HELPFULNESS OF SELECTED EDUCATIONAL MATERIALS
IN AIDING INITIAL EXPORTS

MATERIALS	MEAN	EXTENT OF HELPFULNESS
AgExporter Magazine	1.4	Not Helpful
A Basic Guide to Exporting	1.2	Not Helpful
The International Marketing Handbook	1.2	Not Helpful
Market Niche Newsletter	1.2	Not Helpful
Business America Magazine	1.0	Not Helpful

Educational Exporting Programs

As reported in Table IX, it can be seen that none of the selected educational programs was considered by the respondents as being "Very Helpful". Only one educational program, the Made in Oklahoma Program was selected as "Helpful" on the average.

In general, educational programs found to be "Not Helpful" on the average were: Overseas Trade fairs, and the Export Counseling and SCORE programs of the Small business Administration.

TABLE IX
 EXTENT OF HELPFULNESS OF SELECTED EDUCATIONAL PROGRAMS
 IN AIDING INITIAL EXPORTS

PROGRAMS	MEAN	EXTENT OF HELPPFULNESS
Made in Oklahoma Program	1.6	Helpful
Overseas Trade Fairs	1.2	Not Helpful
Export Counseling (SBA)	1.0	Not Helpful
SCORE Program (SBA)	1.0	Not Helpful

Findings with Regard to Export Product
 Transportation and Destination

Modes of Transportation Used to take
 Products to Export Points

Table X, shows the mean extent of use of selected modes of transportation in taking products to an export point. It indicates Trucks to be the "Most Used" mode of transporting products to an export point.

In general, modes of transportation found to be "Used" on average were: Container Vessel and Plane. Modes of transportation found to be "Never Used" on average were: Rail, Barge and Bulk Vessels.

TABLE X
 EXTENT OF USE OF SELECTED MODES OF TRANSPORTATION
 IN TAKING PRODUCTS TO AN EXPORT POINT

MODES OF TRANSPORTATION	MEAN	EXTENT OF USE
Truck	3.0	Most Used
Container Vessel	2.0	Used
Plane	1.6	Used
Rail	1.2	Never Used
Barge	1.0	Never Used
Bulk Vessel	1.0	Never Used

Export Intermediaries Currently Used

Table XI reports the mean extent of use of selected exporting intermediaries in taking products to a foreign country. It can be seen that the "Most Used" on average was Sell Directly to Foreign Customer (no exporting intermediary used). It indicates Export Trading Companies to be "Used" on average as exporting intermediaries.

In general, the exporting intermediaries found to be "Never Used" on average were: Foreign Agents, Export Management Companies and Exporting Banks.

TABLE XI
 EXTENT OF USE OF SELECTED EXPORTING INTERMEDIARIES
 IN TAKING PRODUCTS TO A FOREIGN COUNTRY

EXPORTING INTERMEDIARIES	MEAN	EXTENT OF USE
Sell Directly to Customer	2.6	Most Used
Export trading Company	1.6	Used
Foreign Agent	1.4	Never Used
Export Management Company	1.2	Never Used
Exporting Bank	1.0	Never Used

Geographical Breakdown of Yearly Sales

Table XII was designed to show the five participating red meat companies' percentages of their dollar value of sales by area of sales in a typical year.

Percentages of the dollar value of yearly sales for each company are shown as follows: Company A sold 97% of production within the state of Oklahoma, 2.5% within U.S.A. but outside of Oklahoma, and exported 0.5% outside of U.S.A. For the others, percentages by area of sales respectively were: Company B - 95%, 4%, and 1%; Company C - 60%, 38%, and 2%; Company D - 20%, 78%, and 2%; and Company E - 5%, 93%, and 2%.

TABLE XII
 PERCENTAGES OF THE DOLLAR VALUE OF SALES
 IN A TYPICAL YEAR BY AREA OF SALES

Area of Sales	Companies & Percentages				
	A	B	C	D	E
Within Oklahoma	97%	95%	60%	20%	5%
Within U.S.A. but Outside Oklahoma	2.5%	4%	38%	78%	93%
Exported from U.S.A.	0.5%	1%	2%	2%	2%

Geographical Breakdown of Exports

Figures 2 to 6 show all five companies' percentages of the dollar value of sales, and the percentages of the dollar value of exports from the U.S.A.

All companies were found to be currently exporting to only four countries: Japan, Mexico, Korea, and the Bahamas.

The percentages of each company's breakdown of the dollar value of exports from the U.S.A. by country/region were as follows: Company A had 100% of exports to Japan; Company B exported 99% to Japan and 1% to Mexico; Company C exported 50 % each to Mexico and Korea respectively; Company D had 50% of exports to Japan, 15% to Mexico, 30% to Korea, and 5% to the Bahamas; and, Company E exported 25% to Mexico and 75% to Korea.

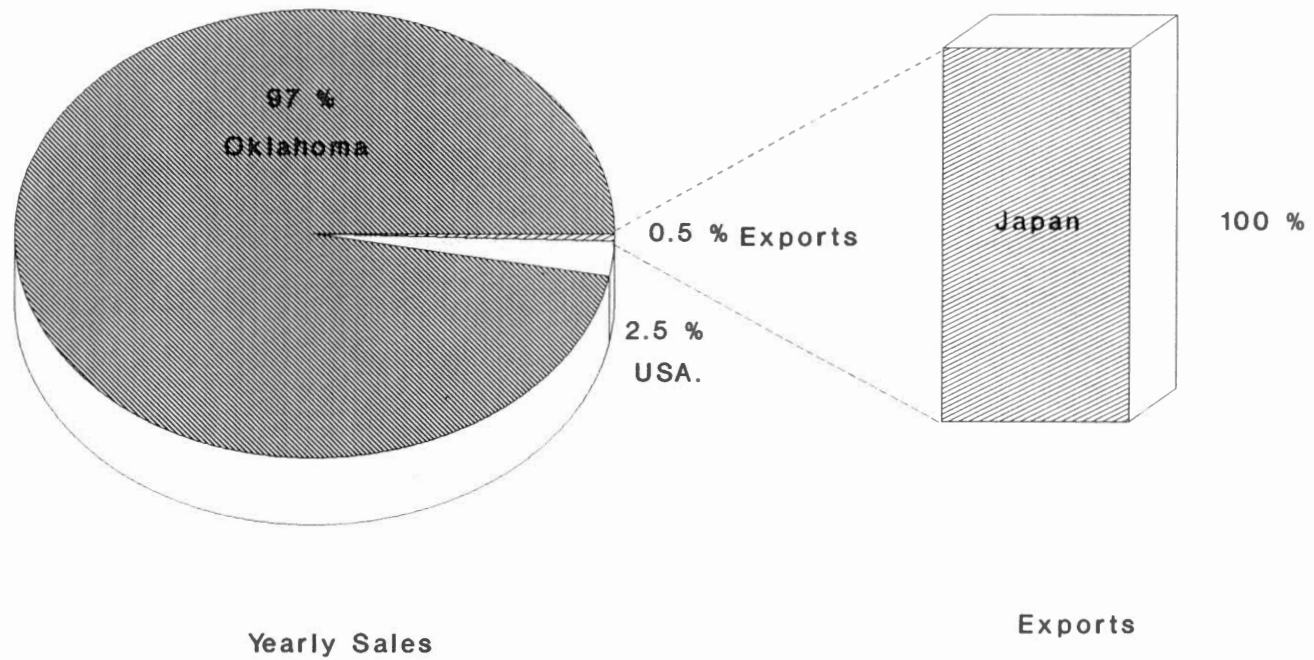


Figure 2. Percentage of the Dollar Value of Sales and Exports of Company A

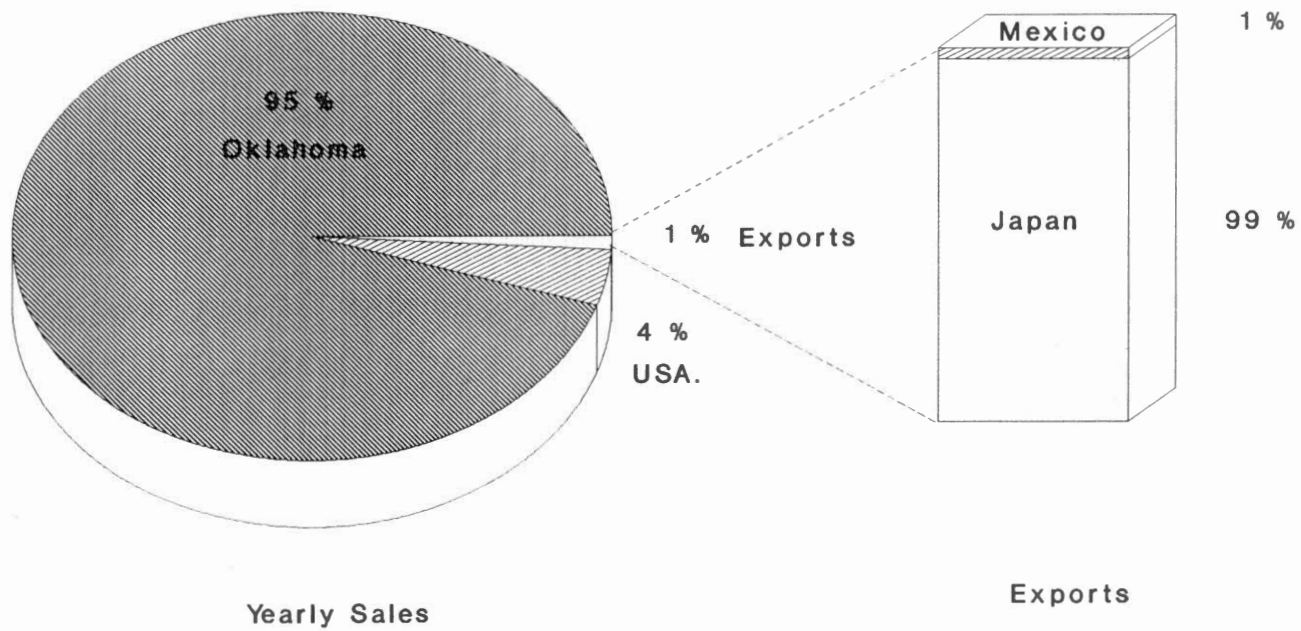


Figure 3. Percentage of the Dollar Value of Sales and Exports for Company B

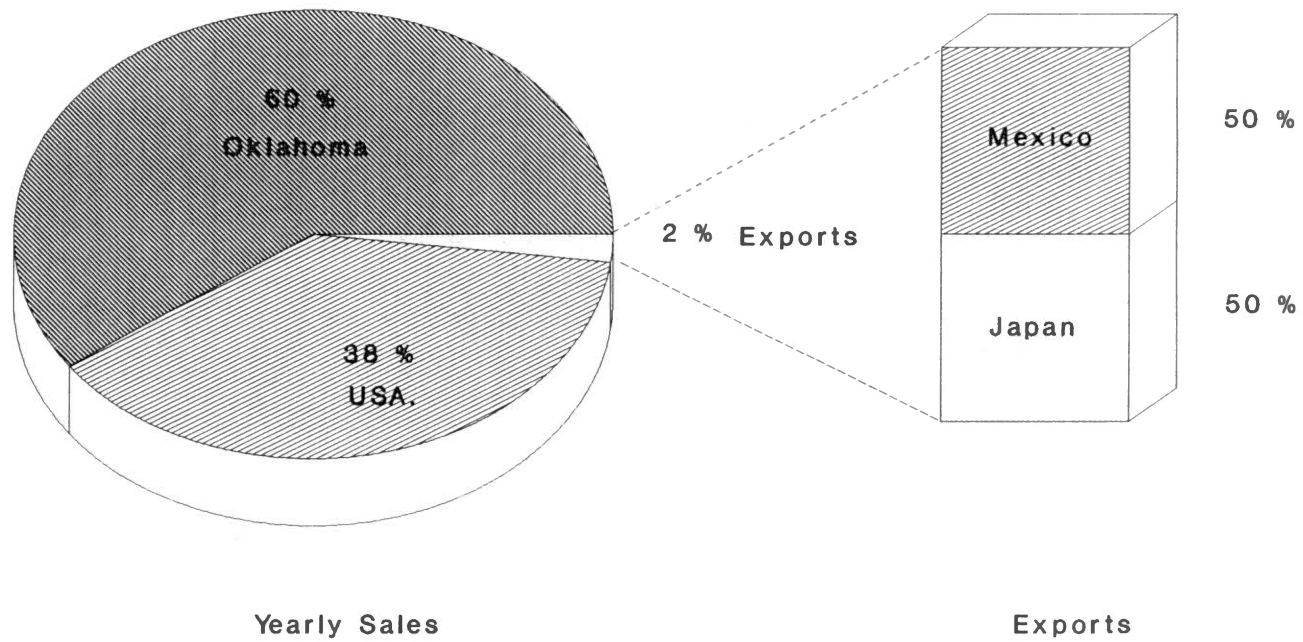


Figure 4. Percentage of the Dollar Value of Sales and Exports for Company C

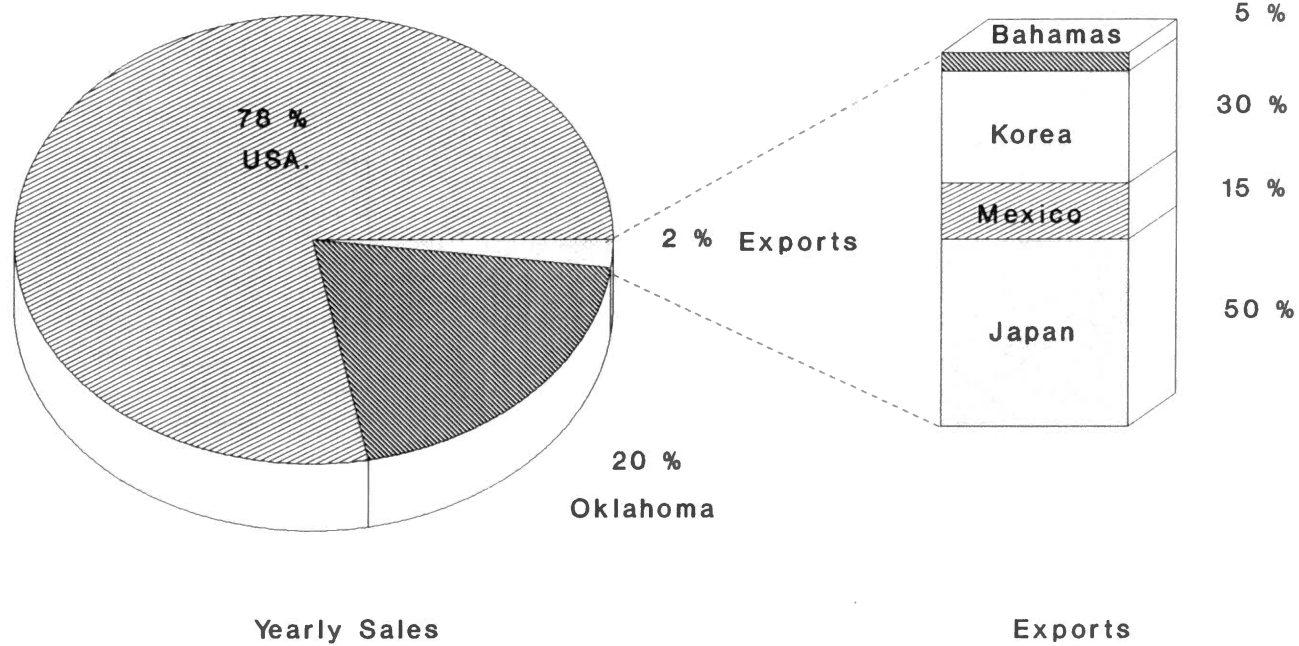


Figure 5. Percentage of the Dollar Value
Sales and Exports for Company D

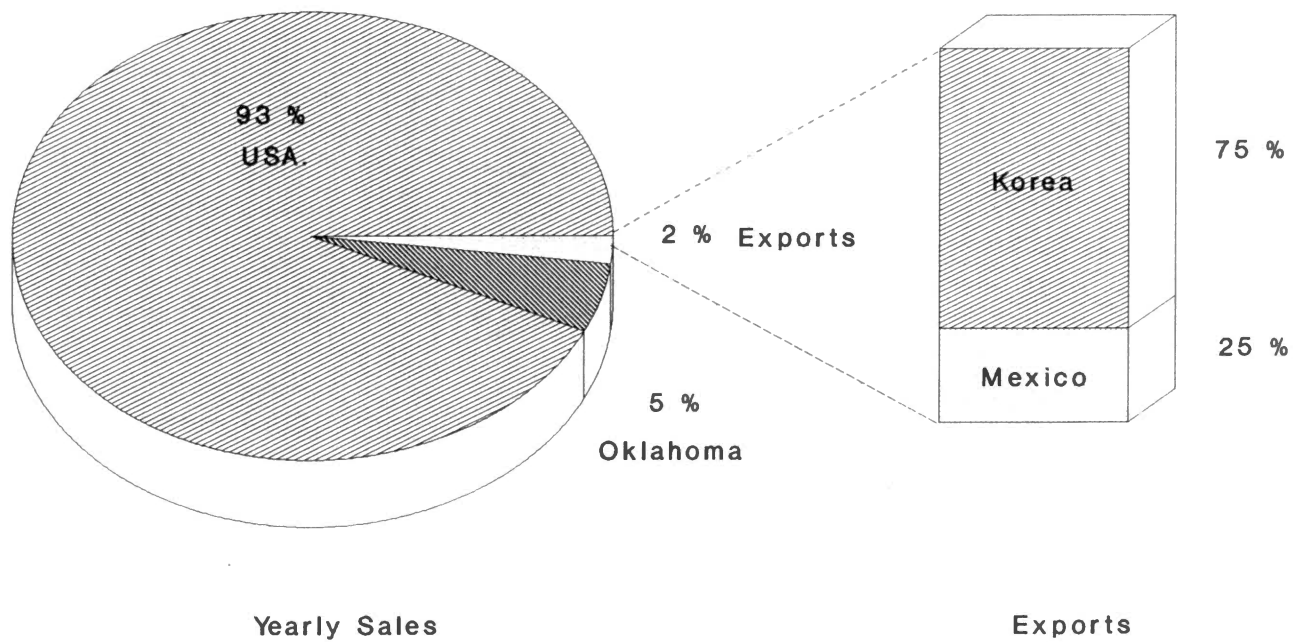


Figure 6. Percentage of the Dollar Value of Sales and Exports for Company E

CHAPTER V

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

Introduction

The purpose of this chapter is to present a review of the study, including the design and conduct of the research as well as a review of the major findings.

This chapter is also intended to present conclusions and recommendations which are largely based upon the analysis and summarization of the data collected and upon observation and impressions resulting from the task of designing and conducting the study.

Summary

Purpose of the Study

The purpose of the study was to assess selected factors associated with the export activity of a group of businesses in the Oklahoma red meat industry. A further purpose was to provide a profile that could be used by other companies in the red meat industry for involvement in exporting activity.

Objectives

The following objectives were formulated in order to accomplish the purpose of the study:

1. To identify which companies from the Meat Packing Plants Sector of Oklahoma's Food and Kindred Products Industry were currently involved in exporting.
2. To determine selected demographic characteristics of the currently exporting companies identified for the study.
3. To determine which of a group of selected factors served as incentives for companies to become involved in exporting.
4. To determine the extent to which a given list of outside resources were of assistance in establishing the companies' exporting business.
5. To determine the companies' interpretation of the immediate future of their export activity and to identify related policy decisions.
6. To determine the extent to which selected issues had been a problem to those companies' exporting activity.
7. To determine the extent to which selected educational exporting workshops, materials and programs had been helpful in aiding the companies' export activity.
8. To determine the extent of use of selected modes of transportation utilized by the companies to take their products to an export point.
9. To determine the extent of use of selected exporting intermediaries.
10. To determine the companies' percentage of the dollar

value of export sales.

11. To determine the companies' percentage of the dollar value of export sales by country/region(s).

Design and Conduct of the Study

Following a review of research literature related to the problem, the major steps involved in the design and conduct of the study were: (1) selection of a group of companies that were identified as exporters or interested in exports, (2) design of a telephone survey to identify which of the above companies were currently involved in exporting; (3) development of the questionnaire for data collection on the companies found to be currently exporting; (4) evaluation of the questionnaire for objectivity and validity; (5) surveillance of the questionnaire (OSU-IRB) in regard to research involving human subjects; (6) collection of data, (7) analysis and description of collected data, (8) presentation of findings; and (9) summarization of findings, and presentation of conclusions and recommendations.

In order to provide comparative treatment of data, three point Likert-type scales were used to measure the extent to which sets of exporting related factors or issues were helpful, used, or a problem. Numerical values were assigned to the response categories as previously presented in the data analysis section of Chapter III.

Findings

Findings with Regard to Identification and Involvement in Exports of Selected Oklahoma Meat Packing Plants

Of the initial group of 24 companies selected for the study on the basis of being listed in four business directories as being currently involved in exporting red meat products, it was found that 16 companies were meat packing plants and eight indicated they were in other lines of business. Of the 16 meat packing plants, only 5 were found to be red meat packing plants and currently exporting their products so they were chosen as the final population for the study. Of the other 19 companies not chosen for the study; a total of 6 firms had plans to export, and 9 said they want to receive information about the results of this research.

Findings with Regard to Companies Currently Involved in Exporting

Demographic Characteristics. Three of the five currently exporting companies were found to have packing plants only in Oklahoma. They were designated companies A, B, and C respectively. These firms' export operations beginnings ranged from 1925 to 1989, and they exported from 2 to 5 products.

The other two companies had packing plants in and out of Oklahoma, and were called D and E respectively. Their export

operations beginnings ranged from 1935 to 1990, and they exported 3 and 2 products respectively.

Value of Export Sales. The group of currently exporting companies with plants only in Oklahoma was found to be exporting 1.5% on average of their dollar value of sales. The other two companies with plants in and out of Oklahoma exported 2% on average of their dollar value of sales.

Export Product Destination. Currently exporting companies exported primarily to Japan, with 4 of 5 companies having Japan as first export destination. Mexico ranked second with 4 of 5 companies having Mexico as second export destination. Korea ranked third in export destinations with one company having Korea as its first export destination and another having Korea as its third. Only one company exported to the Bahamas which ranked fourth in export destinations.

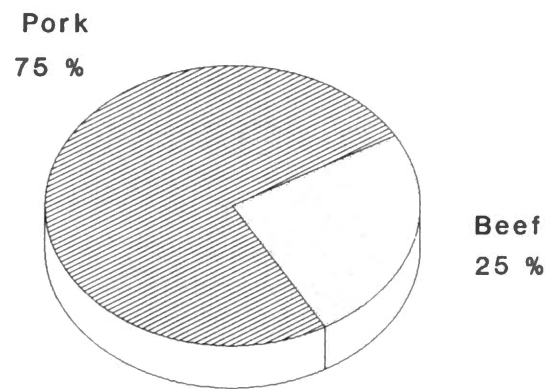
Table XIII was developed to present a comparative summary of the above findings by companies and locations of plants as well as a breakdown of the percentage dollar value of sales by geographic location and by the countries to which products are exported.

Products Currently Exported. Sixteen products were found to be currently exported. Beef and beef products accounted for 25% of exports and pork and pork products were 75% of exports. Exports of value-added products constituted 50% of all exports and were 100% pork products. Figure 7 shows the percentage breakdowns of the exports of beef, pork, and value-added products.

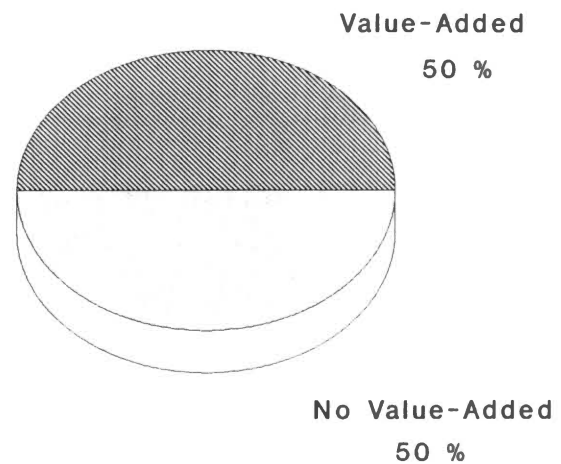
TABLE XIII

COMPARATIVE SUMMARY OF FINDINGS WITH REGARD TO
 DEMOGRAPHIC CHARACTERISTICS, VALUE OF EXPORT
 SALES AND EXPORT PRODUCT DESTINATION

Demographic Characteristics	Responses by Individual Company				
	All Plants in Oklahoma			Plants in and out of Oklahoma	
	A	B	C	D	E
Year Started Exports	1989	1925	1987	1935	1990
Years Exporting	2	66	4	56	1
No. of Products Exported	5	2	4	3	2
Dollar Value of Sales (%)					
Within Oklahoma	97.0	95.0	60.0	20.0	5.0
Within U.S. but Outside Oklahoma	2.5	4.0	38.0	78.0	93.0
Exported from U.S.	0.5	1.0	2.0	2.0	2.0
Exports (%)					
JAPAN	100.0	99.0	50.0	50.0	0.0
MEXICO	0.0	1.0	50.0	15.0	25.0
KOREA	0.0	0.0	0.0	30.0	75.0
BAHAMAS	0.0	0.0	0.0	5.0	0.0



Products Exported by
Category



Percentage of Value-Added
Exports

Figure 7. Exports of Beef, Pork and
Value-Added Products

Factors that Motivated Initial Exports. All companies indicated they received an order from a foreign buyer and that they saw exports as an opportunity to increase sales as reasons that motivated initial exports. Other reasons to start exporting that were mentioned by the companies were: Long-term strategy, High foreign demand for firm's product, and Competition was successfully exporting.

Government Agencies that Assisted Initial Exports. Government Agencies found to be "Helpful" on the average were the Oklahoma State Department of Agriculture, Oklahoma State University's Department of Agricultural Economics and CITD, and the International Trade Administration. No Government Agencies were found to be "Very Helpful" on the average.

Foreign Representatives that Assisted Initial Exports. On the average, the companies found End-Users to be "Helpful" in establishing initial exports. No Foreign representative was found to be "Very Helpful" on the average.

Exporting Companies that Assisted Initial Exports. The surveyed red meat packing plants found Freight Forwarders to be "Helpful" on the average. There were no exporting companies judged to be "Very helpful" on the average.

Companies' Interpretation of the Immediate Future of Their Export Activity and Related Policy Decisions. Four of five company executives surveyed indicated that they expected the company's exporting activity to increase moderately over

the next three years. Four of five executives surveyed selected "Hire more employees" as the principal policy to be taken in response to the expected increase in exports.

Problems to Export Activity. Of 15 selected export barriers, none was judged to be a "Major Problem" on the average to the company's exporting activity. Five were judged to be a "Moderate Problem" on the average. Listed in order of mean responses, this latter group included: Foreign Product Specification, U.S. Government Red Tape, Obtaining Foreign Distribution, Sales Support in Foreign Country, and Foreign Tariff Barriers.

Educational Exporting Workshops that Aided Initial Exports. Only two workshops were indicated as providing any helpfulness to initial exports, and these were found to be "Helpful" on the average. These two were: Basics of Exporting and Export Shipping and Documentation. No Educational Workshop was found to be "Very Helpful" on the average. The remaining five investigated were rated "Not helpful" by interpreting the levels of mean response.

Educational Exporting Materials that Aided Initial Exports. On the average the companies found all of the selected Educational Materials to be "Not Helpful".

Educational Exporting Programs that Aided Initial Exports. The companies indicated that Made in Oklahoma Program was "Helpful" on the average, with the other three

programs in the list being rated as "Not Helpful".

Modes of Transportation Used to an Export Point. Trucks were on the average the "Most Used" Mode of Transportation to take products to an export point. The companies judged Container Vessels and Planes to be "Used" on the average. Rail, Barge and Bulk Vessel modes were rated as "Never Used".

Exporting Intermediaries Currently Used. Using no Exporting Intermediary by Selling Directly to Customer was selected as the "Most Used" on the average form of taking products to a foreign country. Export Trading Companies were found to be "Used" on the average as Exporting Intermediaries.

Table XV presents a comparative summary of findings of the most mentioned issues by number of respondents from selected questions as presented in the preceding sections of findings. It shows the most mentioned factor that motivated initial exports; the most mentioned government agency, foreign representative, and exporting company that assisted initial exports; the most mentioned policy action taken because of expected increase in the exporting activity; the most mentioned export barrier; the most mentioned educational exporting workshop, material, and program that aided initial exports; the most mentioned mode of transportation to an export point; and, the most mentioned exporting intermediary currently used.

TABLE XIV
 COMPARATIVE SUMMARY OF THE MOST MENTIONED
 RESPONSE TO SELECTED FACTORS ASSOCIATED
 WITH EXPORT ACTIVITIES

NUMBER OF RESPONDENTS	MOST MENTIONED RESPONSE BY FACTOR
Factors that Motivated Initial Exports	
(5)	*RECEIVED AN ORDER FROM A FOREIGN BUYER Government Agencies, Foreign Representatives and Exporting Companies that Assisted Initial Exports
(4)	*Government Agency: OKLAHOMA DEPT. OF COMMERCE
(4)	*Foreign Representative: END-USERS
(3)	*Exporting Company: FREIGHT FORWARDER
Policy Actions Taken Upon Increased Export Activity	
(4)	*COMPANY WILL HIRE MORE EMPLOYEES
Problems to Export Activity	
(4)	*FOREIGN PRODUCT SPECIFICATION Educational Exporting Workshop, Materials and Programs that Aided Initial Exports
(3)	*Exporting Workshop: BASICS OF EXPORTING
(2)	*Exporting Material: AGRICULTURAL EXPORTER
(2)	*Exporting Program: MADE IN OKLAHOMA
Modes of Transportation to an Export Point	
(5)	*TRUCK
Exporting Intermediaries Currently Used	
(5)	*SELL DIRECTLY TO CUSTOMER (No Intermediary)
(2)	*EXPORT TRADING COMPANIES (Intermediary)

Findings with Regard to both the Review of Literature and Research.

From the review of literature, the three top foreign markets for exports of both Oklahoma and the U.S. were found to be Japan, Mexico and Korea. The study also found that the Oklahoma meat packing plants surveyed were exporting to these same countries, and in the same order of importance.

Research findings that were basically in accordance with both the literature findings and the research were: (1) Freight Forwarders as the most used exporting company, (2) Basics of Exporting seminar as the most helpful exporting workshop, (3) Truck as the most used mode of transportation to take products to an export point, and (4) U.S. Government Red Tape and Obtaining Foreign Distribution and Sales Support, chosen as secondary problems to the export activity.

Conclusions

From the analysis and interpretation of the findings of the study the following conclusions were drawn:

1. Only a relatively small proportion of Oklahoma meat packing companies are engaged in exporting. Within the industry there are discrepancies between the companies' own view of their line of business and the classification used by the Department of Commerce when assembling the exporters directories. Therefore, it can be concluded that the system used to choose the companies for the exporters directories does not represent the real status of some companies.

2. There were no consistent patterns of demographic characteristics of the companies engaged in the export of red meat and meat products except that the majority were involved in exporting pork and pork products.

3. For those companies engaged in exporting red meat, the incentives for doing so originated primarily from outside the companies (i.e., orders from foreign buyers) and exporting was viewed as part of a long-term strategy for increasing sales volume.

4. As a group, the selected government agencies included in the study were of only a limited degree of assistance to the companies in establishing an export business. The same was true for foreign representatives and other exporting companies. Thus, the primary help for initiating export activities must have come from sources other than those included in the study.

5. The perceptions of the red meat company executives surveyed about the future of the companies' exporting activity indicates that exporting will be an important future marketing activity bringing growth and increasing employment in the industry.

6. None of the export barriers studied were viewed as problems to the extent that any should inhibit entry into or growth of export activities by the businesses.

7. The educational workshops on exporting which were evaluated by respondents were of but limited value overall in aiding the initial export activity of the businesses surveyed. The same was true for the educational programs. The educational materials were of no value for this purpose.

8. Those modes of transportation which most quickly move products to customers are those most used for export trade.

9. Since selling directly to the customer was the most used method of taking products to a foreign country, the companies studied do not rely on intermediaries to assist in their exporting activities.

10. In terms of the total volume of sales and number of countries involved, the exporting phase of business for the companies studied is still in its infancy.

11. In reference to the review of literature findings with respect to exports and its effects upon job creation and income generation, it can be concluded that promotion of exports in Oklahoma will generate wealth and better employment conditions.

Recommendations

1. The Department of Commerce's "Oklahoma Directory of Manufacturers and Processors 1988-1989 Edition" should include Standard Industry Codes cross-referencing for companies listed in one industry but which also operate in other industries.

2. The Oklahoma Departments of Agriculture and Commerce directories of exporters should clearly identify those companies which are currently exporting from those that are interested in exports.

3. More emphasis should be put in the export of beef and beef products based on the high demand for these food

staples in another countries.

4. Export promotion efforts should be oriented towards new market identification and market penetration which assures a company of increased sales volume and more control over the products' distribution, quality, customer service and other factors affecting sales in the country of destination.

5. Awareness of the services provided by many government agencies, foreign representatives, and exporting companies should be disseminated in a more thorough way to companies interested in exporting. There is a need to improve and expand assistance available from these sources or seek out additional sources of assistance.

6. Current figures about the export potential of red meat products and information on growth and employment effects of exports, should be provided to company executives involved in export activity as to facilitate their decision-making.

7. Export barriers in effect in foreign countries should be better studied and the information obtained provided to companies interested in exporting in order to facilitate new market penetration.

8. Awareness of the resources and services provided by many educational exporting workshops, materials, and programs should be disseminated in a more thorough way to companies interested in exporting. There is a need to improve and expand these sources or to create additional educational resources.

9. Foreign market studies should be done in regard to

when and to which country is best to sell directly to customers versus selling indirectly by use of intermediaries. This might help maximize volume of sales and minimize product's acceptance and freshness problems.

10. Foreign Country Export market profiles should be provided to companies interested in exporting to aid them in market identification and penetration plans.

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APPENDIXES

APPENDIX A

TELEPHONE INTERVIEW INSTRUMENT

SURVEY OF THE INVOLVEMENT IN EXPORTS OF
SELECTED OKLAHOMA MEAT
PACKING PLANTS

Telephone Interview

Company Name: _____
Address: _____
Phone: (____) _____
Contact Person: _____

STEP 1 - Identify company with research:

- * - Read: I have selected your company for my research from one of several Oklahoma directories of exporters, or of companies interested in exporting.

STEP 2 - Explain research:

- * - Read: The purpose of this study is to assess the involvement in exports of selected Oklahoma Meat Packing Plants.

STEP 3 - Ask for information:

Question 1: Do you consider your company a Meat Packing Plant? Yes ___ Go to Question 2
No ___ Please indicate your line of business _____

Question 2: Is your company currently exporting its products?
Yes ___ Go to Step 4
No ___ Go to Question 3

Question 3: Does your company plan to export in the future?
Yes ___ Go to Question 4
No ___ Go to Question 4

Question 4: Would you like to receive information on the results of this study?
Yes ___ Include company in mailing list.
No ___ Give thanks for information

STEP 4 - Plan an interview to collect company's export data:

Contact Person/Title: _____
Date: ____/____/____ Time: _____ Phone: _____
Place: _____

APPENDIX B

QUESTIONNAIRE

C O N S E N T F O R M

"I, _____, hereby authorize or direct Mr. Carlos F. Lago, or associates or assistants of his choosing, to perform the following:

A personal interview to administer a questionnaire directed towards assessing the export activity of my employer:
(Company Name) _____."

I understand my responses will be kept strictly confidential. Participation should last between twenty to sixty minutes. And, my responses will be instrumental in helping increase the knowledge of Oklahoma exports.

"This is done as part of an investigation entitled: An Assessment of the Export Activity of Selected Oklahoma Meat Packing Plants"

"The purpose of the procedure is: To assess the export activity of selected Oklahoma Meat Packing Plants"

"I understand that participation is voluntary, and that I am free to withdraw my consent and participation in this research at any time."

I may contact Mr. Carlos F. Lago, at (405) 744-3436, should I wish further information about the research. I may also contact Ms. LeAnn Prater, University Research Services, 001 Life Sciences East, Oklahoma State University, Stillwater, OK 74078; Telephone: (405) 744-5700.

I have read and fully understand the consent form. I sign it freely and voluntarily. A copy has been given to me.

"Date: _____ Time: _____ (a.m./p.m.)

"Signed _____
(Signature of Subject)

(person authorized to sign for subject, if required)

"Witness(es) if required _____

"I certify that I have personally explained all elements of this form to the subject or his/her representative before requesting the subject or his/her representative to sign it."

"Signed _____
(Researcher or his/her authorized representative)

SURVEY OF THE EXPORT ACTIVITY OF
SELECTED OKLAHOMA MEAT
PACKING PLANTS

The purpose of this study is to assess the export activity of selected Oklahoma Meat Packing Plants.

Your company has been selected as an exporting Oklahoma Meat Packing Plant, which is currently exporting.

Please answer the following questions to the best of your knowledge, your responses will be kept confidential.

Your answers will be instrumental in helping increase the knowledge of Oklahoma exports.

0. Please make any corrections to mailing label.

GENERAL INFORMATION

1. Where is the location of your company's packing plant(s)?
- _____ a. In the state of Oklahoma
- _____ b. In other states besides Oklahoma
2. In what year did your company start exporting in Oklahoma? _____
3. Please list the product(s) your company is currently exporting:

Product	Product
_____	_____
_____	_____
_____	_____
_____	_____

EXPORT BEGINNINGS AND FORECAST

4. Please indicate which of the following reasons best describes why your company began exporting?
- _____ a. Declining sales
- _____ b. Opportunity to increase sales
- _____ c. Competitors were successfully exporting
- _____ d. Hired an export manager
- _____ e. Received order from a foreign buyer
- _____ f. Attended a workshop or seminar on exporting
- _____ g. Long-term strategy
- _____ h. High foreign demand for company's products
- _____ i. Other. Please specify: _____

5. Please indicate the extent to which each of the following government agencies, foreign representatives, and exporting companies, were of assistance in establishing your exporting business.

<u>Government Agencies</u>	<u>Very Helpful</u>	<u>Helpful</u>	<u>Not Helpful</u>
a. U.S. Chamber of Commerce	_____	_____	_____
b. Small Business Administration	_____	_____	_____
c. Export/Import Bank (EXIMBANK)	_____	_____	_____
d. U.S. Trade Customs	_____	_____	_____
e. International Trade Association	_____	_____	_____
f. Oklahoma Department of Commerce	_____	_____	_____
g. Oklahoma Department of Agriculture	_____	_____	_____
State Universities:			
h. Oklahoma State University specify: _____	_____	_____	_____
i. University of Oklahoma specify: _____	_____	_____	_____

<u>Foreign Representatives</u>	<u>Very Helpful</u>	<u>Helpful</u>	<u>Not Helpful</u>
k. Sales Representative	_____	_____	_____
l. Distributor	_____	_____	_____
m. Retailer	_____	_____	_____
n. End-user	_____	_____	_____
<u>Exporting Companies</u>			
o. Trading Company	_____	_____	_____
p. Management Company	_____	_____	_____
q. Freight Forwarder	_____	_____	_____
r. Export Agent/Broker	_____	_____	_____

6. How do you think your company's exporting activity will change over the next 3 years?

- _____ a. It will increase substantially
- _____ b. It will increase moderately
- _____ c. It will remain about the same
- _____ d. It will decrease moderately
- _____ e. It will decrease substantially
- _____ f. The company will discontinue exports

7. In reference to you answer in question 6, what do you think your company's policy will result in?

- _____ a. Hire more employees
- _____ b. Lay-off some employees
- _____ c. Expand to new foreign markets
- _____ d. Concentrate on state/regional markets
- _____ e. Educate employees about exporting

EXPORT BARRIERS

8. Please indicate the extent to which each of the following issues have been a problem to your exporting activity.

<u>Export Barriers</u>	<u>No Problem</u>	<u>Moderate Problem</u>	<u>Major Problem</u>
a. Bank Financing	_____	_____	_____
b. Obtaining Foreign Distribution	_____	_____	_____
c. Foreign Exchange Rate Changes	_____	_____	_____
d. Getting Paid by Foreign Customer	_____	_____	_____
e. Lack of Information on Export Opportunities by Country/Region	_____	_____	_____
f. Foreign Language Requirements	_____	_____	_____
g. Sales Support in Foreign Country	_____	_____	_____
h. Giving Customer Service	_____	_____	_____
i. Cultural Differences	_____	_____	_____
j. Foreign Tariffs Barriers	_____	_____	_____
k. Foreign Import Quotas	_____	_____	_____
l. Foreign Product Specification	_____	_____	_____
m. Foreign Bureaucratic Delays	_____	_____	_____
n. U.S. Government Red Tape	_____	_____	_____
o. State Regulations	_____	_____	_____
p. Other. Specify: _____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

EXPORTING EDUCATIONAL RESOURCES

9. Please indicate the extent to which each of the following exporting educational workshops, exporting materials and exporting programs, had been helpful in aiding your company's exports.

	Very Helpful	Helpful _____	Not Helpful
<u>Exporting Workshops</u>			
a. Basics of Exporting	_____	_____	_____
b. Export Marketing	_____	_____	_____
c. Export Licensing	_____	_____	_____
d. Export Pricing	_____	_____	_____
e. Export Finance and Methods of Payment	_____	_____	_____
f. Export Shipping and Documentation	_____	_____	_____
g. Barter/Countertrade Seminar	_____	_____	_____
h. Other. Specify: _____ _____	_____	_____	_____
<u>Material (Publisher/Source)</u>			
i. A Basic Guide to Exporting (Dept. of Commerce)	_____	_____	_____
j. Business America (Dept. of Commerce)	_____	_____	_____
k. The International Marketing Handbook (S.U.S.T.A.)	_____	_____	_____
l. Market Niche (OK. Dept. of Ag.)	_____	_____	_____
m. AgExporter (Dept. of Ag.)	_____	_____	_____
<u>Program (Sponsor)</u>			
n. Export Counseling (S.B.A.)	_____	_____	_____
o. SCORE Program (S.B.A.)	_____	_____	_____
p. Made in Oklahoma Program (OK. Dept. of Ag.)	_____	_____	_____
q. Overseas Trade Fairs (Dept. of Commerce)	_____	_____	_____

EXPORT TRANSPORTATION AND PRODUCT DESTINATION

10. Please indicate the extent to which each of the following modes of transportation is been used by your company to take its products to an export point.

<u>Mode of Transportation</u>	<u>Most Used</u>	<u>Used</u>	<u>Never Used</u>
a. Rail	_____	_____	_____
b. Truck	_____	_____	_____
c. Barge	_____	_____	_____
d. Plane	_____	_____	_____
e. Bulk Vessel	_____	_____	_____
f. Container Vessel	_____	_____	_____

11. Please indicate the extent to which each of the following exporting intermediaries your company is currently using.

<u>Exporting Intermediaries</u>	<u>Most Used</u>	<u>Used</u>	<u>Never Used</u>
a. Export Trading Company	_____	_____	_____
b. Export Management Company	_____	_____	_____
c. Foreign Agent	_____	_____	_____
d. Exporting Bank	_____	_____	_____
e. Sell directly to customer	_____	_____	_____

12. In a typical year, the percentage of the dollar value of your sales breaks down as:

a. Within state of Oklahoma	_____%
b. Within U.S.A., but outside of Oklahoma	_____%
c. Exported outside of U.S.A.	_____%

13. Please break down your percentage of the dollar value of exports outside of U.S.A. by country/region. List country(ies) if not indicated.

North America	Asia	Oceania
_____ % Canada	_____ % Japan	_____ % Australia
_____ % Mexico	_____ % Korean R.	_____ % New Zealand
	_____ % _____	_____ % _____
South America	Europe	Africa
_____ % Chile	_____ % Belgium	_____ % _____
_____ % Venezuela	_____ % France	_____ % _____
_____ % _____	_____ % _____	_____ % _____
Central America	Caribbean	Others:
_____ % _____	_____ % _____	_____ % _____
_____ % _____	_____ % _____	_____ % _____

Thank you very much for your help. Please place the questionnaire in the enclosed self-addressed return envelope.

If label is missing, please mail to:

Oklahoma State University
 Dept. of Agricultural Education
 c/o Carlos Lago
 448 Ag Hall
 Stillwater, OK 74078

If you would like to receive the results of this study, please check below:

YES _____ Please include my company in your mailing list

THANKS AGAIN FOR YOUR COOPERATION!

APPENDIX C

LIST OF COMPANIES IN STUDY

ALPHABETICAL LISTING OF COMPANIES THAT
PARTICIPATED IN THE STUDY

COMPANY NAME / City:	Status:
1. ADVANCE MEAT COMPANY Enid, OK	Meat Processor Not Exporting / Plan To
2. BAR-S FOODS COMPANY Clinton, OK	Meat Packing Plant Currently Exporting
3. BIG A MEATBALL CO. Oklahoma City, OK	Meat Processor Not Exporting
4. CANADIAN VALLEY MEAT CO. Oklahoma City, OK	Meat Packing Plant Currently Exporting
5. CIRCLE M RANCH Seminole, OK	Raise and Sell Meat Cuts Not Exporting / Plan To
6. CORNETT PACKING COMPANY Oklahoma City, OK	Meat Packing Plant Currently Exporting
7. CUSACK WHOLESALE MEATS Oklahoma City, OK	Meat Processor Not Exporting
8. DEWEY CUSTOM BUTCHERING Dewey, OK	Meat Packing Plant Not Exporting / Plan to
9. ENID PACKING COMPANY Enid, OK	Meat Packing Plant Not Exporting / No Plans
10. FARMERS BRAND BEEF Thomas, OK	Meat Packing Plant Went Out of Business
11. HARRIS PACKING COMPANY Oklahoma City	Meat Packing Plant Currently Exporting
12. HITCH RANCH BEEF Guymon, OK	Meat Packing Plant Exporting / Other State
13. HORMEL FINE FROZEN FOODS Oklahoma City, OK	Meat Processor Currently Exporting
14. J. C. POTTER SAUSAGE CO. Durant, OK	Meat Processor Not Exporting

ALPHABETICAL LISTING OF COMPANIES (Continued)

COMPANY NAME / City:	Status:
15. J. J. CUSTOM SLAUGHTERING, INC. Ramona, OK	Meat Packing Plant Not Exporting / Plant To
16. MIKKELSON BEEF, INC. Oklahoma City, OK	Meat Packing Plant Closed One Year Ago
17. NEW SIPCO, INC. Guymon, OK	Meat Packing Plant Closed Four Years Ago
18. NORMAC FOODS, INC. Oklahoma City, OK	Meat Processor Currently Exporting
19. RALPH'S PACKING COMPANY Perkins, OK	Meat Packing Plant Not Exporting / No Plans
20. REEVES PACKING COMPANY Ada, OK	Meat Packing Plant Not Exporting / Plan To
21. SCHAWB AND COMPANY Oklahoma City, OK	Meat Packing Plant Not Exporting / No Plans
22. TULSA RENDERING CO. Collinsville, OK	Rendering Company Currently Exporting
23. TURNER BROTHERS BEEF Nowata, OK	Meat Packing Plant Not Exporting / No Plans
24. WILSON FOODS CORPORATION Oklahoma City	Meat Packing Plant Currently Exporting

VITA

CARLOS FRANCISCO LAGO-SILVA

Candidate for the Degree of

Master of Science

Thesis: AN ASSESSMENT OF THE EXPORTING ACTIVITY OF SELECTED
OKLAHOMA MEAT PACKING PLANTS

Major Field: Agricultural Education

Biographical:

Personal data: Born in Buenos Aires, Argentina, March 28, 1957, the son of Carlos del C. Lago Montserrat, M.D., and Elvira Josefina Silva Marques. Married to Mirna Guadalupe Larios Miranda on December 22, 1983. Father of Adriana Idelisa Lago Larios. Citizen of Venezuela.

Education: Graduated from 'Instituto Lagunillas', Lagunillas, Zulia, Venezuela, as 'Bachiller en Ciencias' in 1974; attended 'Universidad de Los Andes', Merida, Merida, Venezuela, and Oklahoma City University, Oklahoma City; received a Bachelor of Science degree in Economics from Oklahoma State University in December 1987; completed the requirements for the Master of Science degree at Oklahoma State University in December 1991.

Professional Experience: Scholarship Recipient: 'Instituto Tecnológico y de Estudios Superiores de Monterrey, Programa de Profesores en el Extranjero' May to November 1991; Graduate Assistant: Personal Education and Knowledge Program, Program Coordinator, Oklahoma State University, August 1990 to May 1991; Apartment Assistant: Family Resource Center, Oklahoma State University, December 1989 to August 1991; Graduate Research Assistant: Center for International Trade and Development, Oklahoma State University, May 1989; Library Student Assistant: Oklahoma State University Library, Oklahoma State University, August 1988 to December 1990; Spanish Teaching Assistant: International Programs, Oklahoma State University, September 1985 to December 1986.