The Influence of Decision Maker's Characteristics on Export Marketing Performance

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Abstract:

The importance of the influence of the decision maker's characteristics on the export marketing performance is recognised in India, but the field has been under research in the context of Indian manufacturing sector. To this effect, the present study therefore focused on the determination of the extent of the relationship between these variables. A causal and non-contrived survey research design and paradigm triangulation design study was conducted. The findings revealed that there was a strong influence of the firm's decision maker's characteristics on its export marketing performance & decision maker's age, educational qualifications, international experience and language skills exhibited a strong influence on the firm's growth in sales, growth in profits and growth in market share.

Introduction:

Export marketing has been described as an indispensable aspect of economic development and growth (Nkamnebe 2004). Export performance correlates with economic development. For instance, successful exporting has been found to be responsible for Germany's economic miracle. Corporate prosperity and long term commercial viability of firms have been linked to export success (Katsikeas, 1994). Successful exporting has been described as the engine of economic growth (Zou et al, 1998). Growth in the GNP and economic growth have been found to derive their potency in successful exporting. As a result of many observable benefits flowing from engaging in export marketing by firms.

The firms' behaviour/effort towards handling their marketing operations becomes a central issue that has been subjected to global assessment. So far, much literature exists in this context for the advanced nations. However, there seems to be little literature in the Indian context. Over the years, researchers have developed interest in the study of export marketing performance of varied economies as a field of endeavour. To determine the extent of export marketing performance certain basic managerial elements have been identified by previous researchers. Such problems so far identified by the previous researchers included low growth in sales, profit and market share. As a result of the heightened global interest on the firms entrepreneurship development as a capability for export marketing operations, we focused on the further assessment of the decision maker's characteristics of the firms in the Indian manufacturing sector, so as to give a better

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explanation to their export marketing performance in terms of growth in sales, profit and market share while the decision maker's characteristics were assessed based on age, educational qualifications, international experience and language skills.

Managerial Characteristics:

Age:

Investigators have turned their attention towards the age of the decision maker in order to shed light on the export behaviour of the SMEs. However, the results obtained by the studies provide contradictory information. Numerous scholars observed that younger managers seem to be more export oriented than their older counterparts. Jaffe et al. (1988) and Moon & Lee (1990) consider manager's age as a predictor for export behaviour due to the fact that younger managers are generally more internationally minded and cosmopolitan than their older counterparts. However, other scholars show that older age levels of the owner /founder are related to internationalisation (Welch & Weidersheim-Paul, 1980)

Educational Level:

Education is related with the knowledge, skills, problem-solving ability, discipline, motivation and self-confidence. Hence, educated decision makers have better problem solving skills. Moreover, the amount of knowledge the decision maker has about internationalisation is contingent upon the decision maker's level of education. Better educated decision makers are considered to be more open-minded and interested in foreign affairs and therefore, being more willing to evaluate the benefits and disadvantages of exporting from an objective point of view.

Language Skills:

Various researchers have studied the link between the language skills of the decision maker and the firm's export behaviour, obtaining rather contradictory results. However, in addition to

facilitating communication, language skills ease the understanding of the foreign culture. This increases the proximity between the manager and the foreign country. Studies by Cunningham & Spigel (1971) confirm that foreign language proficiency has been positively associated with export development as it might help to establish social and business contacts in foreign markets, to improve communication and interaction with foreign customers, to better understand foreign business practices and to facilitate effective planning and control in international markets.

International Experience:

This concept refers to the exposure the manager has to foreign cultures and business practices during the time spent abroad while studying, working or travelling in business interest or tourism. Leonidou et al. (1998) argue that the time managers spend abroad has been regarded as an important factor that could explain export intention, propensity and intensity. It implies managers' exposure to other cultures leads to greater experiential knowledge about international markets. Barrett & Wilkinson (1986) found a strong association between the time managers spend abroad and export development. Moreover, by travelling abroad, managers are more likely to get acquainted to foreign business practices, meet future customers and spot market opportunities.

Management Know-how:

Carter et al. (1997) state that the principal founder of a firm can obtain resources using management know-how and his/her capacity to identify appropriate partners, investors and advisors, which can supply the firm with necessary resources. Hence, it can be inferred that he/she can also spot profitable market opportunities in domestic and foreign markets. According to Cooper and Schindler (2001), the most relevant influence upon the ability of an individual is the previous work experience of a founder. Westhead (1995) argues that entrepreneurs, who have held managerial or professional positions prior to start-up, may be more aware of the possibilities and practices of exporting part of their sales.

Risk Tolerance:

According to Gupta & Govindarajan (1984), the positive attitude of managers towards risk favours strategies of expansion through new products and markets. Hence, it could be inferred that manager's risk tolerance may influence the export behaviour of the Small and Medium Enterprise (SME). This idea is supported by McConnel (1979) who suggests that exporting implies greater risk than selling in the domestic market which may constrain managers from initiating, developing and sustaining export operations. Dichtl et al. (1983) argue that the risk aversion of managers influences the degree of export involvement of the firm.

Conceptual Framework and Hypotheses:

Figure 1 presents the conceptual framework for this study. It is based on the resource-based perspective. The study focuses on the specific components of the framework viz. firm-specific resources together with strategic issues raised by those resources,

nature of the product ,degree of control and entry mode. The critical role of some of the listed firm-specific resources in selecting entry mode have not been examined before, let alone ascertaining how their interaction with the nature of the product (goods versus services) may influence choice of entry mode. This focus allows us to examine the main effects of firm-specific resources on entry mode choice as well as the moderating effects of the type of product (manufactured good versus non-separable service) on entry mode selection. Although they may have significant impact on entry mode selection, hypotheses are not developed for home country and host country factors. The conceptual framework of this study as depicted in figure 1 shows the various study variables, their dimensions and measures. The predictor variable is decision maker characteristics (input) while the criterion variable is export marketing performance (output).

Decision Maker's Characteristics and Export Marketing Performance of Firms in the Indian Manufacturing Sector :

For the purpose of this study, another view at its conceptual framework unfolded the various mathematical notations associated with the study variables, their dimensions and measures.

The model could be presented thus:

$$Ep = f(Dc) \tag{1}$$
$$Dc = (Aa + Eq + Ie + Ls + Mk + Rt) \tag{2}$$
$$Ep = f(Aa, Eq, Ie, Ls, Mk, Rt) \tag{3}$$
$$Ep = (Gs + Gp + Gm) \tag{4}$$

Where:

Ep = Export Marketing Performance (Export outputs)

Gs = Growth in Sales

Gp = Growth in Profit

Gm = Growth in Market share

Dc = Decision maker characteristics

Ac = Age

Eq = Educational qualification

Ie = International experience

Ls = Language skills

Mk = Management know-how

Rt = Risk tolerance

Hypotheses :

The following research hypotheses were formulated for testing based on a preliminary literature review.

$H0_1$: There is a significant relationship existing between decision maker's characteristics and growth in the firm's sales.

$H0_2$: There is a significant relationship existing between decision maker's characteristics and growth in the firm's profit.

HO3: There is a significant relationship existing between the decision maker's characteristics and growth in the firm's market share.

Base-Line Theory of the Study:

Entrepreneurial orientation as an internal resource of the firms is justified by the resource based theory. The resource based theory conceives a firm as a unique bundle of tangible and intangible resources (assets, capabilities, processes, managerial attributes, information and knowledge) that are controlled by a firm and that enables it to conceive and implement strategies aimed at improving its efficiency and effectiveness. The resource based theory contends that the principal determinants of a firms export performance and strategy are the internal organisational resources. This is in line with the suggestion by Zou and Stan (1998) that researchers need to be more conscious about the theoretical logic when conducting their studies.

According to the resource-based theory, firm resources are sources of competitive advantage. By implication the resource-based theory suggests that the Competitive Advantage as defined by Barney (1991) may arise out of a broad range of individual, social and organisational phenomena within the firms that are analysed by organisational theory and organisational behaviour. Bloodgood et al. (1996) further build on this idea arguing that those firms which present unique bundles and combinations of resources stocks might have a higher proclivity towards internationalisation.

Research Methodology:

Research Approach and Design :

A survey research design was deployed for the study. A structured questionnaire was used as the data collection instrument.

Population, Sampling Procedure and Sample Size Determination:

The population of this study was 415 registered export firms from the Indian pharmaceutical manufacturing sector from the states of Goa (45), Gujarat (63), Andhra Pradesh (41), Maharashtra (49), West Bengal (45) and Karnataka (65). After the fieldwork, the valid responses for the study were 308 firms/managers. The response rate for the study was 74.2%.

Research Instrument Design, Validity and Reliability:

The questionnaire was divided into three parts and data on each variable was obtained using the various items as presented in table 1 , adopting a five-point Likert scale.

Validity:

Essentially, it is pertinent to note that all the constructs for the study have already been validated by previous researchers. The reason for the present test is to re-validate these study constructs using data collected for this purpose. The research instrument was subjected to expert opinions where supervisors and colleagues assessed the instrument. We also conducted a confirmatory test using reliability analysis (McNabb, 2004) which indicated that majority of the items were having values above 0.5.

Figure 1 : Conceptual Framework for the Study

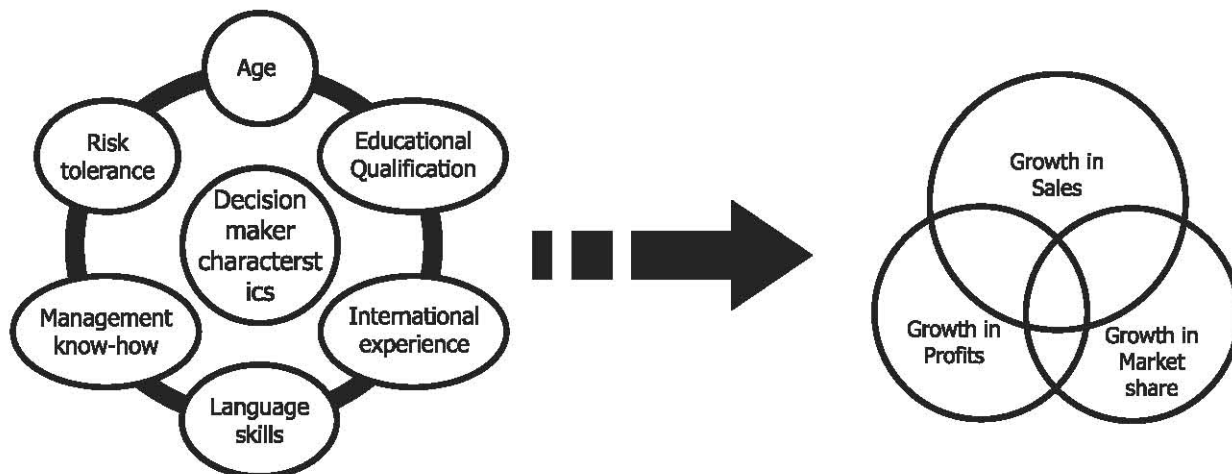**Table 1 :** Reliability Test Results

S No	Variable	No of items	Cronbach's Alpha
1	Decision Maker's Characteristics(Dc)	6	0.88
2	Export Marketing Performance(Ep)	3	0.74

Method of Data Analysis:

Our study adopted concurrent paradigm triangulation methodology. By this, the study employed the nomothetic approach which afforded the objective account of the situations and the ideographic approach which provided for the subjective account of the situations. The primary analysis provided the descriptive statistics including measures of central tendency (mean scores) necessary for further computations and to present the data in a form essential to other analytical presentations. Our quantitative data were analysed at the secondary stage using related inferential statistics like regression model, ANOVA, Pearson partial correlation as contained in the SPSS, version 15.0. For the tertiary level of analysis, we interpreted the available results for purposes of arriving at the research findings.

Empirical Analyses of Data: Field Experience:

Based on our survey research design, data were collected from 315 export firms/managers drawn from India, Goa, Gujrat, Andra Pradesh, Maharastra, West Bengal and Karnataka states as collection centres. In depth interviews were conducted with 60 export managers within a period of 10 months. During this period, discussions were made and notes were also taken. A pilot survey was initially conducted to refine the questionnaire and the interview questions. This effort aided the researcher to test the internal consistency of the Dc and Ep scale and to reduce the number of items to a manageable size. We initially had 18 items for the questionnaire that was administered to the firms export managers. Eventually only 10 items were found appropriate for the study and this outcome is supported by the approach suggested by McNabb (2004). The revised questionnaire was what we finally took to the field.

Demographic Analysis:

The descriptive analysis was done on the demographic data of our respondents in order to check the quality of our respondents for the study and this ensured the validity and reliability of our study. Table 2 depicted below gives a clearer picture of the analysis

Firms' profiles requested respondents to indicate the option/question that related mostly to their organisation. Table 2 presented below has the details.

Table 2 : Demographic Analysis of Respondents

Sr. No.	Questions & options		Frequency	Percentage (%)
1.	Firm's type of export business			
	(a)	Export manufacturer	214	69.4
	(b)	Export traders	94	30.6
	(c)	Service exporters	-	-
		TOTAL	308	100.0
2.	Type of ownership of the firm			
	(a)	Sole proprietor	186	60.3
	(b)	Partnership	81	26.2
	(c)	Joint venture	41	13.3
		TOTAL	308	100.0
3.	Firm's years of export experience			
	(a)	Below five years	56	18.1
	(b)	Five to ten years	209	67.8
	(c)	Above ten years	43	13.9
		TOTAL	308	100.0
4.	Firms size			
	(a)	Small scale	89	28.8
	(b)	Medium scale	152	49.3
	(c)	Large scale	67	21.7
		TOTAL	308	100.0

5.	Percentage of exports to annual output		
	(a) Below 50%	45	14.6
	(b) 50%-70%	68	22.0
	(c) Above 70%	195	63.3
	TOTAL	308	100.0
6.	Level of involvement in export		
	(a) Experimental	47	15.2
	(b) Active	63	20.4
	(c) Committed	198	64.2
	TOTAL	308	100.0
7.	Educational level of manager		
	(a) Graduate	305	99.1
	(b) Non-Graduate	3	0.9
	Total	308	100.0
8.	Export experience of the manager		
	(a) Short experience	38	12.0
	(b) Medium experience	201	65.0
	(c) Long experience	69	23.0
	Total	308	100.0

Table 3 : Descriptive Statistics of the Variables.

Dimensions of	Dc		Measures of Ep		
	Dc	Ep	Gs	Gp	Gm
N	308	308	308	308	308
Missing	0	0	0	0	0
Mean	4.05	13.42	4.7317	4.0976	4.5951
Std. Deviation	.809	1.418	.61135	.50511	.71193
Variance	.654	2.010	.374	.255	.507

Univariate Analysis :

Descriptive Analysis of the Variables :

In this section of our study, we embarked upon the analysis of the individual study variables to know their association with the study constructs. McNabb (2004) and Osuala (2001) are of the opinion that, it is most appropriate to commence the initial analysis of the data for a study by considering the various variables involved and their dimensions or measures. Our main constructs for the study included:

(1) Decision maker's characteristics (Dc- predictor variable)

(2) Export marketing performance (Ep - criterion variable)

The predictor and criterion variables have their dimensions and measures attached to them respectively.

Hypothesis 1:

HO_1: There is a significant relationship existing between decision maker's characteristics of the firms and growth in the firm's sales.

Growth in sales on Decision maker's characteristics

$$Gs = f(Dc) \qquad (1)$$
$$Gs = a + b\,Dc + E \qquad (2)$$

For the purpose of testing hypothesis one, data as collected from those export managers of the firms studied was used. Presented in table 4 are the results of the simple regression test of the entrepreneurial orientation of the firms and their growth in sales.

Table 4 : Regression Result of Decision maker's Characteristics and Growth in Sales

R	0.794
R^2	.630
AR^2	.654
Std error	.576
Dw	1.353
F	27.203
Sig. F	.000
Beta Coefficient	0.644
t-cal	5.216
Sig.t	.000

From the results of the tests, it shows that the relationship between the firms' decision maker's characteristics and the growth in firm's sales is 79.4%. The explanatory power of the model used is 63%. It means that only 37% variation could be explained by the factors within the model used for the study. The remaining variance cannot be explained by the internal factors of the model but by other external quantitative and qualitative factors. The F-ratio indicated significant meaning that the model used for the study was proper. T-ratio found the firms decision maker's characteristics are very significant in causing the export performance level of the nation. On the side of the beta coefficient of the decision maker's characteristics, this is given as 64% and this means that this construct has a moderate impact in causing the export marketing performance level of the nation.

Hypothesis 2 :

HO2: There is a significant relationship existing between decision maker's characteristics and growth in the firm's profit.

$$Gp = f(Dc) \qquad (3)$$
$$Gp = a + b\,Dc + E \qquad (4)$$

Presented in table 5 is the result of the regression analysis of decision maker orientation and growth in the profit of the firms.

The result of simple regression test of the decision maker's characteristics and growth in profits of the firms indicated that R = 84.8% and this is a strong relationship. R^2 = 71.9% and this is the explanatory power of the model used for the study. It means that only 28.1% variation can be explained by other external quantitative and qualitative factors of the model used for the study. F-ratio was significant, indicating the appropriateness of the model used for the study. T-ratio showed that the decision characteristic of the firms is very significant to their growth in profit. The significance of this factor shows that it has appreciable impact on the profit growth of the firms concerned in this study. The beta value which is the strength or the extent of contribution to growth in profit of the firms by the predictor variable is 81%.

Hypothesis 3:

HO3: There is a significant relationship existing between the decision maker's characteristics of the firms and growth in the firm's market share.

$$Gm = f(\hat{E}o) \qquad (5)$$
$$\quad = a + b\,\hat{E}o + E \qquad (6)$$

Presented in table 6 is the result of the regression analysis of decision maker characteristics of the firms and their growth in market share.

The result of the simple regression analysis of the firm's decision maker's characteristics and their growth in market share indicated R = 87.5% and this showed that there is not just a relationship but a strong relationship. R^2 = 76.5% and this is the explanatory power of the model used for the study. It means that only 76% variation could be explained by the factors within the model, the remaining 24% variation could not be explained by factors within the model used for the study but by other external quantitative and qualitative factors. F-ratio was found very significant, meaning that the model used for the study is very appropriate. T-ratio showed that the decision maker characteristics of the firms are very significant to their growth in market share. This also means that the decision maker's characteristics used for the study have an appreciable impact on the growth in market share of these firms. The beta value of the predictor variable (decision maker's characteristics) is 70.5%. This is the extent to which the decision maker's characteristics of the firms contribute to their growth in market share.

Integrated Findings:

In this study, we adopted the concurrent paradigm triangulation research method. To this end, as suggested by McNabb (2004), the quantitative method (Nomothetic) was used as the major source of decision and the qualitative method (Ideographic) as the minor source. To this effect, the following integrated findings are presented:

Table 5 : Regression Result of decision maker characteristics and Growth in Profit

R	0.848
R^2	.719
AR^2	.711
Std error	.506
Dw	1.870
F	16.774
Sig. F	.702
Beta Coefficient	.817
t-cal	4.689
Sig.t	.492

Table 6: Regression Result of Decision Maker's Characteristics and Growth in Market share

R	.875
R^2	.765
AR^2	.670
Std error	.699
Dw	1.051
F	18.877
Sig. F	.003
Beta Coefficient	.705
t-cal	4.979
Sig.t	.003

1. There is a strong influence of the firm's decision maker's characteristics on their growth in sales, profit and market share.

2. Decision maker's characteristics viz. age, educational qualification, international experience and language skills have a strong and positive influence on their growth in sales and a negative influence on their growth in profit.

Conclusions:

The conclusions of the present study provide enhanced benefits to the field of export marketing behaviour domain and also add particularly to the few empirical works assessing the influence of the decision maker's characteristics on their export marketing performance in the Indian context. In the light of the growing interest in the export marketing behaviour field of study, the results of this study have provided both theoretical and practical benefits, including high degree of analytical and statistical significances. A significant issue that has arisen from the present study is that, strong decision maker's characteristics is pivotal to their export marketing performance.

Practical Implications:

The study suggests that manufacturing export firms in India need immediate and adequate enhancement on those three competencies of their decision maker's orientation viewed as their competitive advantages. Such competency areas that need to be improved upon include: Export market knowledge, willingness to take export risk and innovative behaviour. To achieve these goals, change agents like export marketing consultants, renowned export managers, etc are urgently needed who can subject these pharmaceutical manufacturing exporters to rigorous orientations and exposures such as : seminars, workshops, conferences, trade-missions, national and international trade fairs, opinion-pools through survey, contests and other forms of promotion and so on.

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