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The relation between Skill-base Characteristics of Managers and Export performance: A review of previous research between “1989 – 2009”

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Abstract

The growing of global trade and sales activity in the global market cause the increasing attention to the determinants of firm export performance. However, despite numerous published works on determinants of firm export performance, the literatures are characterized by the lack of consensus among researchers as to what constitutes managerial factors. Management determinants subjectively can be categorized into two main categories: attitudinal characteristics and skill based characteristics. In this study, only skill based characteristics is mentioned. As a result, this reviews of articles published between 1989 and 2008 attempt to assess the management skill-based determinants of export performance. Later, the results of previous studies about the relationship between are summarized in table, which is interested to investigate in further research. Based upon a comprehensives and systematic literature study, a synthesized model which can be applied for understanding skill based characteristics of management influence on export is devalued. This synthesis model may be used for better understanding of the management factors that contribute in explaining the export performance of the firm. It can also be used to develop a questionnaire in order to evaluate the relative impact of management variables on firm export performance.

Key words: Firm Export Performance, Management Characteristics, Attitudinal Characteristics, Skill Based Characteristics.

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Introduction

The growing of global trade and sales activity in the world has increasingly accentuated the importance of exporting for firms and country. Global market competition and the subsequent performance difficulties encouraged by exporters cause the increasing interest in this subject (Sousa *et al.*, 2008). Exporting plays a vital role in the world and has countless benefits for firms and countries. Exporting is a fundamental strategy in ensuring firm's survival or growth, and firms may achieve a competitive advantage in international markets with a positive influence on current and future export performance (Navarro a competitive) and so, many companies recently have allocated more attention and resources in order to export their products to foreign markets (Julian and O'Cass, 2003; Julianhave allocated ss, 2002a; Lages, 2003; Navarro *et al.*, 2009). In addition, contributing to nation's economy prosperity is one of the important roles of exporting (Koksal, 2008; Shamsuddoha, 2004, Ahmed *et al.*, 2004, Langes and Montgomery, 2005). Export ha the great effects onto countries in terms of enhancing economic growth and activity, increasing the internal production, reducing the unemployment rate, supplying foreign currencies for import, becoming growth accelerator, making favorable balance of trade, accumulating the foreign exchange reserves, increasing profitability and societal success, enhancing trade balances and industrial development, improving capacity utilization and productivity, providing employment and creates new job opportunities. Thus, the ulterior goal in most firms and national governments is to expand the exports.

The understanding of the determinants of export performance in today's business environment has been emphasized by the understanding about the impact of export success and export performance on firm survival and expansion, the achievement of having the competitive advantage in international markets, the development of economy as well as the development and implementation of public policy. Hence, within the past 30 years many substantial numbers of studies have been done to identify the key variables that affect the export performance of firms (Zou and Stan, 1998; Baldauf *et al.*, 2000; Lages, 2003; Ahmed *et al.*, 2004; Haahi *et al.*, 2005; Sousa *et al.*, 2008). Identifying the variables which affect export performance is a strategic move and has triggered vital interest for export managers, public policy makers and researchers to study them (Sousa *et al.*, 2008; Lages, 2003; Haahi *et al.*, 2005; Mohamad *et al.*, 2009).

Since bilkey's (1978) work that was the first study about successful export practice, many previous literatures are identified numerous variables as determinants of export performance. Later, researchers such as Aaby and Slater, (1988), Zou and Stan (1998), Sousa *et al.*, (2008) summarized and reviewed the export performance literature. These literatures classified the determinants of export performance. Cooper, (1985); Baldauf *et al.*, (2000); Cicic *et al.*, (2002); Leonidou *et al.*, (2002) assumed that export performance depended on firms' structure or internal factors, international environment or external factors and marketing strategy. Zou and stan (1998) in the review of the empirical literature classified determinants into internal and external with attention to controllable and uncontrollable and recently, Sousa *et al.* (2008) classified the determinants of export performance to internal factors and external factors.

However, in spite of prior efforts to recognize the effect of determinants on export performance, there was a still gap in literature, there was fragmented literature, there were no comprehensive reviews and the findings

were considered as “confusing” (Aaby and Slater, 1988; Zou and Stan, 1998; Sousa *et al.*, 2008). Due to the increasingly significant role of management in development of company’s internationalization strategies (Suarez-Ortega *et al.*, 2005), this study focused on the managerial determinants that are classified as internal factors. On another hand, although many have studied the elements of management characteristics such as Zou and Stan (1998); Suarez-Ortega *et al.* (2005); Sousa *et al.* (2008), but these studies or review did not mention all elements of management characteristics. There was also a lack of consensus among them on factors that constitute a managerial factor in determining exporting, which was highlighted by Leonidou *et al.* (1998) and recently by Suarez-Ortega and Alamo-Vera (2005). At present, there is sufficient literature on this issue. However, a systematic synthesis on the existing studies and frameworks is needed to understand the management determinants of export performance better.

Literature review

Managerial characteristic

Management is the major force behind the beginning development, sustenance and prosperity in exporting. The focus of many empirical researches is the relationship between export performance and managerial characteristics (Sousa *et al.*, 2008). Previous literature reviews placed management characteristics as determinants of export performance and most of the scholars proved that this determinant was an important factor in export performance that may influence the export success significantly. Katsikea and Skarmas, (2003) noted that “*management characteristics played a significant role in influencing export sales unit effectiveness*”. Export performance is usually controlled by organization and management, so they are responsible for poor or excellent performance of firm’s exporting (Nazar and Saleem, 2009; Zou and Stan, 1998). Refer to previous study managerial characteristics are divided into perceptual and attitudinal characteristics and the skill-based characteristics. In this study, the skill base characteristics will be evaluated. Skill based characteristics of managers can be categorized to export experience, foreign language proficiency, education level of a manager.

Skill- Based Characteristics

Export experience is one of the determinants that have been mentioned more in previous published works. Export experience is a critical factor in competing in foreign markets (Shamsuddoha, 2004). Management international experience refers to the degree to which the company’s management has abroad experience, having lived or worked overseas, as well as the skill, abilities, and information that provide firm goals (Nazar and Saleem, 2009; Langes and Montgomery, 2005). Managers’ experiences affect the ability to perceive risks or threats and opportunities in international market and to come up with effective solutions in the export market (Nassimbeni, 2001; Moini, 1992; Abay and Slater, 1989). Most previous studies revealed that managers with more extensive professional experience might bring in more success in exporting. However, some of the scholars do not support this issue. The evaluating of key strategy topics is normally seen to be complex by managers with less experience while managers with greater experience in the international market have better comprehension on the effective factors in export markets and, as a result; they apply appropriate marketing strategy to avoid threat and seize opportunities (Langes and Montgomery, 2005). Zou and Stan,

(1998) in their literature review mentioned that export performance of companies totally benefited from managers with international experience competence. In addition, in a review study by Souse, (2008) showed that managers with international experience are more successful in exporting. These outcomes were confirmed by Julian and Nhat Lu, (2007) confirmed this in their survey that concluded a significant factor in discriminating between high and low export-marketing performances was the international experience of the export venture's management, and management's international experience contributes to positive export performance. In the similar vein, Zou and Stan, (1998); Ibeh, (2003); Julien and Ramangalary, (2003); Brodrechtova, (2008); Faver-Bonte and Giannelloni, (2007) it was noted that noted export experience of a manager had positive effects onto export performance.

In contrast, Brouther and Nakos, (2005) described that the relationship between manager's experience and export performance were both positive and negative. Managers with greater experience build a network around themselves so it is easier for the handle obstacles faced in the international markets experienced managers are less opened to international development and business practice compared to younger managers who are dynamic and practice new approach in managing. Mavrogiannis, *et al.*, (2008) in their research concluded that export experience did not have significant effect on export performance. He also mentioned that some researchers found no association or negative association between export experience and performance. This result was similar to a study by Contractor *et al.*, (2005) about explaining export performance of international new ventures between Indian and Taiwanese software industry. It was found that due to little experience, managers used the internet and formal or informal networks to reach out foreign customers. By doing this, they have better export performance compared to experienced managers who did not use it and so, they could associate the negative effect between export performance and experience. In a similar way, previously, in a study done by Das, (1994) mentioned that managers' experience had less impact in successful exporting firms. The managers' experience was the different market specification that may affect the managers' target market experience over the overall market experience. However, evaluating manager experience is different and complicated in previous study, and it is essential for further research to attention the kind of manager experience in exporting to abroad. Thus, drawing from these remarks the kind of manager export experience can be suggested as: *Total manager export experience to overseas*, *Total manager export experience to specific market*, *The experience of managers in abroad* (management international experience). Therefore, it is essential for further research to evaluate the managers export experience with more attention.

Education level of a manager is determinant that a number of previous and recent researchers examined in their studies. Educated managers are more open-minded and interested in foreign affairs (Suarez-Ortega and Alamo-Vera, 2005). The awareness on international issues and the reality of business life is obtained through the education level of managers. A review study by Souse, (2008) showed that better educated managers are more successful in exporting. In addition, these firms have better export performance. Export success in foreign markets is linked to education of managers (Mavrogiannis *et al.*, 2008). Referring to previous studies, the two issues in this determinant were level of education and related or background of education that both have which was related to export performance. The possible effect posed by education was due to managers' knowledge that can help companies to utilize and leverage on the international opportunities and

preventing international threats (Zou and Stan, 1998; Julien and Ramangalary, 2003; Brodrechtova, 2008). In fact, educated managers will become more experienced and thus, are able to apply their knowledge better in deciding and planning the export market. Hence, this will increase the performance of exporting. In many instances, most managers proved that educated managers are more successful in export markets. Zou and Stan, (1998) in their literature review mentioned that totally export performance of company's benefits from educated managers. In addition, a study by Sousa *et al.*, (2008) concluded that previous studies revealed that better-educated managers were able to have better success in exporting. In the same way, Julien and Ramangalary, (2003); Brodrechtova, (2008) emphasized that education of managers has positive effect on total export sales, growth, profits, and compound evaluation of export performance. Zarin Negar and Vazife Dost, (2009) found that education of managers has positive effect on export performance. They advised that for better export performance, a high level of education and related education would be useful and essential. Level of education and the field of study are two different and important item in the education characteristic of managers. The more related education of managers is more useful for increasing the export performance of firms. Hence, high level of education and related education are essential in export markets that influence export performance of companies.

Foreign language proficiency is a factor that many researchers previously examined but referring to reviews on past research by Sousa, (2008) recent studies did not evaluate these variables because business in the foreign market based on foreign language proficiency, and without this proficiency trade becomes very hard. Although, this variable was mentioned, referring to the study by Zarin Negar and Vazife Dost, (2009) there is still a need to note some of the export managers could not speak English or could not speak fluently, and this problem caused misunderstandings on both negotiators in business meeting. Thus, it is profitable to recognize the relationship of foreign language proficiency and export performance. Katsikea and Skarmeas, (2003) in their research categorized professional components as one significant factor between high and low effectiveness export. In addition, previous studies revealed that managers with foreign language proficiency might be able to cause more success in exporting (Sousa *et al.*, 2008). Most researchers found the positive correlation between foreign language proficiency and export performance. A study by Suarez-Ortega and Alamo-Vera, (2005) about firms and managerial factors of international SMEs revealed the positive relationship between foreign language proficiency of managers and performance of export. In the same vein, Das, (1994) found foreign languages to be related to exporting involvement and success in performance of export. In past this outcome was proven by Moini, (1995), Das, (1994), and Evangelista, (1994); Leonidou *et al.* (1998) who found the positive relationship between them.

All skill-based characteristics of manager's determinants that have been mentioned in a previous study are summarized in Table 1. This summary is done to help readers to have better understanding on the influence of these determinants and to facilitate the design of the proposed conceptual framework.

Table 1 The proposed determinants by literatures

Determinates	Researchers / years	Significant positive relationship	No significant relationship	Significant negative relationship
Export experience	ELanges and Montgomery, (2005)	✓		
	Julien and Ramangalary, (2003)	✓		
	Brodrechtova, (2008)	✓		
	Nassimbeni, (2001)	✓		
	Julian and Nhat Lu, (2007)	✓		
	Mavrogiannis, <i>et al.</i> , (2008)		✓	
	Contractor <i>et al.</i> , (2005)			✓
	Ibeh, (2003)			✓
	Brouther and Nakos, (2005)			✓
	Faver-Bonte and Giannelloni, (2007)	✓		
	Das, (1994)		✓	
Foreign language proficiency	Suarez-Ortega and Alamo-Vera, (2005)	✓		
	Katsikea and Skarmneas, (2003)	✓		
	Moini, (1995)	✓		
	Evangelista, (1994)	✓		
	Leonidou <i>et al.</i> (1998)	✓		
	Das, (1994)	✓		
Education level of manager	Mavrogiannis <i>et al.</i> , (2008)	✓		
	Julien and Ramangalary, (2003);	✓		
	Souse, (2008)	✓		
	Zou and Stan, (1998)			
	Brodrechtova, (2008)	✓		
	Bellaaj and Akrou, (2005)	✓		

Conclusion

Many studies have been conducted to identify influence that manager characteristic has on exporting. However, little and most likely no previous study tried to mention all important elements of management characteristics. Besides that, the consensus among researchers as to managerial factor influence that constitutes the firm export performance should be highlighted to finalize the framework. Thus, base on the systematic literature reviews, it is possible to design management determinants of an export performance model which may

help firm to focus on manager characteristics as one of the important elements to enhance export performance in international markets. This conceptual synthesis model is based on management determinants of export performance that have been previously recorded by researchers in various publications in order to develop a classification that may supply a comprehensive base for comprehension management determinants of firm export performance. Management determinants subjectively can be categorized into two main categories: attitudinal characteristics and skill based characteristics. The skill-based characteristics are further classified into export experience, foreign language proficiency, education level of a manager. This synthesis model may be used for better understanding of the management skill-based characteristics factors that contribute in explaining the export performance of the firm. It can also be used to develop a questionnaire in order to evaluate the relative impact of management variables on firm export performance. Since the proposed framework is highly conceptual, and the constructs have been based from the several literatures, the framework has to be validated empirically through an empirical method, for example, by case study or survey questionnaire.

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