

*Full Length Research Paper*

# Investigating the effect of management attitude with respect to human resources, export and marketing on the performance of firm: Evidence from Iran's export firms

Ali Ashraf Ahmadian<sup>1</sup> and Ali Reza Ma'atoofi<sup>2</sup>

<sup>1</sup>Department of Management, Abdanan Branch, Islamic Azad University, Abdanan, Iran.

<sup>2</sup>Department of Management, Gorgan Branch, Islamic Azad University, Gorgan, Iran.

Accepted 19 June, 2012

Quick changes in international economy have made it by far more difficult and more complicated to plan to work in foreign markets than it was in the past. Actually, with regard to the high intensity of competition in the area of world trade, it is unavoidably inevitable to accept the role of thoughts, skills and abilities of managers of commercial units to enter world markets. With respect to the importance of the issue, we are dealing with lack of applicable studies investigating the effective characteristics of management on the performance of firm in the area of international trade in the developing countries in general and in Iran in particular. Thus, the present essay intends both to recognize the managerial characteristics effective on the development of non-petroleum exports in Iranian firms exporting such products, and to analyze the hypotheses related to the issue.

**Key words:** Export, market investigations, human resources, export firms.

## INTRODUCTION

Fundamental changes in the world economy since 1980 have had great effects on competition, causing firms to entirely transform their strategic activities. The origin of these changes, the intensity of which has been increasing throughout the recent years, dates back to the events that occurred after World War II including Bretton Woods convention, public treaty of tariffs and commerce (Gat), and World Trade Organization (WTO).

Meanwhile, getting more and more universalized and also quick development of exchanges among countries have caused local and national firms to lose their internal market share in the competition against their external rivals. This has forced firms to increasingly try to revive their existence by adding to their market share in the market of external countries.

In this competitive market which is full of wide environmental changes and which has led to greater flexibility of communications among firms, it is managers who play a very important role in the development of the strategies for internationalization (Axinn and Matthyessens, 2002). In other words, in order to develop export, apart from solving current problems such as the management of export, marketing, lessening restrictive regulations and preparations for returning foreign exchange resulted by export, some more important factors including raising the visions of exporters and managers should also be taken into consideration, so that long-term benefits are not ruined by immediate ones.

Considering the importance of the effectiveness of management in the development of export, the present

essay wants to investigate how this important factor (management) can be effective in the development of non-petroleum export, so that to present a model in this field, apart from providing a solution for later studies. The results offered in this essay can provide a suitable tool for other researchers and managers, apart from filling the gap existing in the research literature of the area under analysis.

### Theoretical background

One of the main factors in the economic developments of countries, especially in the present world, is stable export, the importance of which is clear for everybody. Moreover, one of the first steps to move toward stable export is to recognize the factors effective on it. The results of the previous studies in this field are indicative of the existence of two kinds of factors effective on stable export.

### Factors effective on stable export

In his classification, Leonidou (1998) divides the factors effective on the development of export into two groups as follows:

The first group is related to environmental factors, that is, the factors that can be controlled by exporters in only a restrictive level, such as the factors related to macro-economy, social, physical, cultural and political factors. The second group is related to the factors at the level of firm or company, which are also referred to as 'organizational factors'. Such factors include the structural and behavioral factors inside firm and have a potential effect on export.

In another classification, the factors effective on the export performance are divided into two groups of internal and external, for which two kinds of theories are introduced: Resource-based theory and industrial organization theory (Zou and Stan, 1998). Based on this viewpoint, although the attitude of industrial organization may be specifically useful for describing the economic performance of exporters, the factors that are considered as main stimuli are the process of firms' internationalization against internal factors (Resource-based theory). Actually, according to this perspective, the factors including having access to capabilities, knowledge of market, physical distance, attitudes, perceptions of management, etc are considered as internal factors effective on the development of export (Ling-ye and Ogunmokun, 2001).

### Management characteristics effective on the development of export

As the development of export is highly influenced by

management, many researchers have tried to investigate the amount of management effectiveness on this process. On the other hand, management factors and specially the attitudes and perceptions of management, despite being effective on the process (development of export), are accompanied by another set of factors referred to as organizational factors.

In a comprehensive model, Sua´rez-Ortega and Alamo-Vera (2005) examined the factors effective on the development of export, dividing these factors into three groups of capabilities and resources of firm, management characteristics and attitudes, and perceptions of management. They introduce firm's structural factors as the forces facilitating the activity effective on the hidden stimuli of export and present variables such as firm size, firm's distinct status, and firm's experience in export (development of geographical market) as its subsets. They also divide management factors effective on the development of export into three groups of subjective characteristics, objective characteristics and management attitudes toward export.

To Dichtl et al. (1990), subjective and objective characteristics of management are as follows:

- 1) Objective characteristics are a set of management characteristics that have objective and tangible aspects. For example, age, education level, skills for foreign languages and foreign experiences.
- 2) Subjective characteristics are another set of features that have subjective aspect. For example, how much to escape from risk, how much to accept change, ambitiousness, innovation, being dynamic and active, flexibility (Pfeffer, 1983).

In a study, Wroon and Pahl (1971) showed that there is a negative relationship between the mean of the age of supreme management team and the risk level of decision making. Moreover, there is a negative relationship between management age and his power to analyze new information. Actually, management age is considered as an important factor to predict firm's export behavior. As a matter of fact, younger managers are more willing to accept the process of universalization (Jaffe et al., 1988).

The time devoted by managers to attend in foreign markets is introduced as an important factor that can promote the tendency to develop export. Actually, this is because the attendance of management in foreign markets, due to being exposed to other cultures, can provide managers with a useful practical piece of knowledge with regard to foreign markets (Leonidou and Katsikeas, 1996).

Moreover, the skill for management in a foreign language has a positive relationship with the development of export. Actually, this skill can lead to the establishment of social and commercial contacts with foreign customers, helping the development of communications and exchanges with such customers. It also leads to a

better perception of commercial activities in other countries and a more effective planning in controlling foreign markets (Leonidou and Katsikeas, 1996).

Based on the standpoint of innovation-adoption to export, factors including expectations, beliefs and attitudes of management toward export are considered as some aspects of management behavior that are effective on the development of export (Bilkey, 1978). Actually, it is believed that positive attitude of management toward export has a positive effect on the development of export. Moreover, the attitude of management toward marketing and investigation in market is effective on the performance of export firms (Morgan and Katsikeas, 1997).

Examining the informational behavior of small and medium export firms and the amount of management effectiveness on the behavior, Voerman (2002) showed that it is impossible to comprehensively investigate market if the character of management and the characteristics of firm are not included, and if done so, the results may be misleading. Actually, according to him, the factor that can cause the export performance of firms to be improved is the amount of management entrepreneurship and risk-taking. He also maintains that the research activities of firm are highly influenced by the amount of management commitment to export.

Market research is introduced by Toften (2005) as a prerequisite for successful commercial decision-makings. To him, suitable use of market research plays a fundamental role in the success of firm. In other words, market research leads to increase in the export knowledge of firm, as a result of which firm's export performance will be improved. He, in his model, divides the use of export market research into the following three groups:

1) Instrumental use of market research: This group emphasizes the direct application of research findings for problem solving. Application of this piece of knowledge entails quick use for a specific goal. For example, in introducing a product to a new foreign market, firms may be willing to perform a specific marketing research in that market so that to recognize needs and intentions of their target customers in order to suitably compare their marketing with it.

2) Conceptual use (public assumption) of market research: This part emphasizes the indirect application of research findings. This piece of information is usually used to inform publicly (the staff) and to develop knowledge base of management. Actually, the information obtained is not necessarily used to solve a specific problem at only a specific time, but it may be needed somewhere in future. For example, it may be intended by exporters to attain information about how to enter a foreign market, to make an international brand or to create an international distribution system (without having an immediate need to that piece of information).

3) Symbolic use of market research: this is to use information in a way that does not involve an explained goal. For example, distortion of findings of market research, creation of the results out of the research area and presentation of information which is consistent with managers' previous goals or overlooking of information.

The results of previous studies show that there is a positive relationship between the strategy of human resource and organization performance. In other words, some deeds can be executed in an organization where commitment system is performed in order to motivate labor force and to match their goals with those of management: decentralizing management decision makings, presenting true educations and offering suitable salaries and fringe benefits (Sharma, 2004).

### Research hypotheses

The hypotheses of the study are as follows:

- 1) There is a relationship between management attitude toward human resources and export performance.
- 2) There is a relationship between management attitude toward export and export performance.
3. There is a relationship between management attitude toward marketing and market research and export performance.

### METHODOLOGY

The statistical population of this research consists of all the Iranian non-governmental export firms that have sold their products to other countries in 1388. According to the information existing in Iran's Export Development Centre, more than 60% of Iran's export firms are located in Tehran, Khorasane Razavi, Azarbayejane Sharghi and Isfahan provinces. Thus, the statistical sample of this research was randomly chosen from firms located in these provinces. Kukran formula was used to determine the sample size. Based on this formula and using stratified random sampling, 258 export firms were selected as the statistical sample size of the study.

### Hypotheses testing

1) There is a relationship between management attitude toward human resources and export performance. As the assumptions for using analysis of variance (ANOVA), interval variable was normal, variances of the sample groups were homogeneous, and this statistics was used to test the hypothesis (Table 1). Based on the significance level of 0.811, it can be deduced that the variance of different groups are homogeneous; thus, the assumption for using ANOVA is met. The results of ANOVA indicate that the variable export performance is significant among different levels of management attitude toward human force at the alpha level of 1% (Table 2). In other words, there is a relationship between the attitudes of management toward human resources and export performance. Moreover, the results of comparing means show that the more management pays attention to the contentment of firm's

**Table 1.** The results of homogeneity of variance test on the export performance based on management attitude to human resources.

Variable	Lev.	df 1	df 2	Sig.
Export performance	0.768	18	237	0.811

**Table 2.** The results of ANOVA on the export performance based on management attitude to human resources.

Variable		SS	df	MS	F	Sig.
Export performance	Between groups	16.372	18	0.910	2.106	0.006
	Within group	102.343	237	0.432	-	-
	Total	118.715	255	-	-	-

SS: small size; MS: medium size.

**Table 3.** The results of homogeneity of variance test on the export performance based on management attitude to export.

Variable	Lev.	df 1	df 2	Sig.
Export performance	0.495	4	250	0.748

**Table 4.** The results of ANOVA on the export performance based on management attitude toward export.

Variable		SS	df	MS	F	Sig.
Export Performance	Between groups	13.876	4	3.416	8.211	0.00
	Within group	103.918	250	0.416	-	-
	Total	117.794	254	-	-	-

SS: small size; MS: medium size.

staff, the more the mean of export performance will increase. Thus, it can be said that there is a positive relationship between the attitude of management to human resources and export performance.

2) There is a relationship between management attitude toward export and export performance.

To test this hypothesis, ANOVA was used. In order to use ANOVA the assumption of interval variable being normal was tested and was approved. Moreover, the assumption of variances being homogeneous in the sample groups were tested (Table 3). As shown in Table 3, considering the significance level of 0.748, the variance of groups are homogeneous and the assumption for using ANOVA is met. The results of ANOVA indicate that mean of the variable export performance is significant among different levels of management attitude toward export at the alpha level of 1% (Table 4). In other word, there is a relationship between the attitude of management toward export and export performance. Moreover, the results of comparing means show that increasing the attention of management toward export will increase mean of export performance. Thus, it can be said that there is a positive relationship between the attitude of management toward export and export performance.

3) There is a relationship between management attitude toward marketing/market research and export performance. To test this hypothesis, ANOVA was used. In order to use ANOVA, the assumption of interval variable being normal was tested and

approved. Moreover, the assumption of homogeneity of variances in the sample groups was tested (Table 5). Based on the significance level of 0.490, the variances of different groups are homogeneous; thus, the assumption for using ANOVA is met. The results of ANOVA show that the mean of export performance is significant among different levels of management attitude toward marketing and market research at the alpha level of 5% (Table 6). The results of comparing means indicate that the more scientifically management looks at marketing and market research, the more the mean of export performance will increase. Therefore, it can be claimed that there is a positive relationship between these variables.

## RESULTS AND DISCUSSION

Considering the importance of management effectiveness on the development of export, the present essay examined how this important factor (management) can be effective in the development of Iranian non-petroleum export firms. Therefore, studying the literature existing in the area under analysis, and apart from theoretical explanation of the issue, three hypotheses were proposed.

The first hypothesis examined the effect of

**Table 5.** The results of homogeneity of variance test on the export performance based on management attitude to marketing and market research.

Variable	Lev.	df 1	df 2	Sig.
Export performance	0.576	4	251	0.490

**Table 6.** The results of ANOVA on the export performance based on management attitude toward marketing.

Variable		SS	df	MS	F	Sig.
	Between groups	36.050	10	36.050	1.707	0.02
	Within group	1055.875	241	21.117		
Export Performance	Total	1091.925	251			

SS: small size; MS: medium size.

management outlook regarding human resources on firm's export performance. Apart from indicating a positive effect of management attitude toward human resources on export performance, the results showed that firm's management can easily improve performance of organization if he/she has a radically true perspective to human resources, the greatest asset of organizations in today's world, or in better words, if he/she admirably values staff, inviting them to participate in decision-makings. In other words, participation of staff in affairs of organization, performance of educational plans, and accurate selection of staff with comprehensive criteria lead to the satisfaction of staff and promote the performance of organization.

The second hypothesis examined the effect of management approach regarding export on the export performance of firm. The results of the research, apart from approving this hypothesis, show that the more knowledgeable management is with regard to export, that is, the more he/she is aware of the modern principles and concepts of export, the more the export performance of firm will improve. Moreover, based on the results obtained from testing the hypothesis, the more experienced management is with regard to export, the better the export performance of firm will get. In addition, the more committed management is to export, or the more he/she dedicates time for planning about export and for solving its problems and difficulties, the export performance of firm will also improve. Additionally, the more aware management is with principles and concepts of financial management, the more export performance of firm will promote.

The third hypothesis wanted to examine the effect of management perspective with regard to marketing and market research on the export performance of firm. The results were indicative of positive effect of management attitude toward marketing and market research on export performance showing that if management seeks for

making the elements of marketing across firm more scientific and more modern and if managers' perspectives are highly appealing to customers, the export performance of firm will also promote. Moreover, if management seeks to have a fundamentally proper use of market research (to solve the problems related to export), the export performance of firm will get better. In general, one of the most effective factors leading to success in export is managers' availability to skills and information about marketing. Therefore, incorrect application of market research and lack of proper marketing of products can be considered as the most important obstacles for export.

## REFERENCES

- Axinn CN, Matthyessens P (2002). Limits of Internationalization Theories in an Unlimited World. *Intr. Mark. Rev.* 19(5):436-449.
- Bilkey WJ (1978). An Attempted Integration of the Literature on the Export Behavior of Firms. *J. Int. Bus. Stud.* 9(1):33-46.
- Dichtl E, Koeglmayr HG, Mueller S (1990). International Orientation as a Precondition for Export Success. *J. Int. Bus. Stud.* 21(1):23-40.
- Jaffe DE, Nebenzahl ID, Pasternak H (1988). The Export Behavior of Small and Medium-Sized Israeli Manufacturers. *J. Global Mark.* 2(2):27-49.
- Leonidou LC (1998). Organizational Determinants of Exporting: Conceptual, Methodological and Empirical Insights. *Manag. Int. Rev.* 38:7-52.
- Leonidou LC, Katsikeas CS (1996). The Export Development Process: an Integrative Review of Empirical Models. *J. Int. Bus. Stud.* 27(3):517-551.
- Ling-ye L, Ogunmokun GO (2001). The influence of Interfirm Relational Capabilities on Export Advantage and Performance: an Empirical Analysis. *Int. Bus. Rev.* 10(4):399-420.
- Morgan RE, Katsikeas CS (1997). Export Stimuli: Export Intention Compared with Export Activity. *Int. Bus. Rev.* 6(5):477-499.
- Pfeffer J (1983). *Organizational Demography*. Greenwich, CT: JAI Press.
- Sharma B (2004). Marketing Strategy Contextual Factors and Performance: An Investigation of the Relationship. *Mark. Int. Plan.* 22(2):128-143.
- Sua'rez-Ortega MS, Alamo-Vera RF (2005). SMES' Internationalization: Firms and Managerial Factors. *Int. J. Entrepr. Behav. Res.* 11(4):258-

- 279.
- Toften K (2005). The Influence of Export Information Use on Export Knowledge and Performance. *Mark. Intell. Plan.* 23(2):200-219.
- Voerman JA (2002). The Export Performance of European SMEs, Retrieved from <http://dissertations.ub.rug.nl/FILES/faculties/eco/2004/j.a.voerman/thesis.pdf>.
- Wroon V, Pahl B (1971). Relationship between Age and Risk-Taking among Managers. *J. Appl. Psy.* 55(5): 99-405.
- Zou S, Stan S (1998). The Determinants of Export Performance: a Review of the Empirical Literature between 1987 and 1997. *Int. Mark. Rev.* 15(5):333-356.