

EXPORT MANAGEMENT: MOTIVATED-OPENMINDED

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There is considerable interest nationally and at the level of the firm about the behaviour of managers towards export marketing. Recent public statements and a considerable body of published material have concentrated on the role of the smaller enterprise in export markets, much of the concern focusing on attempts to identify ways of encouraging the smaller enterprise to export or expand its exporting activities. In assisting companies generous incentive packages involving grants, research and training have been developed by the various export promotion agencies. While not denying the significance of such packages it is nevertheless important to go beyond the physical dimension in examining barriers to export growth. Many studies have shown that attitudes to growth and expansion can be equally limiting to the development of an industry. Consequently, it is important that these motivational and attitudinal factors are taken into account when examining barriers to export growth. This paper examines two such factors, with a preliminary study of the motivation to export among managers of small scale firms and an assessment of how open-minded they are in relation to international business affairs. Two scales, a motivation scale and an open mindedness scale, were developed to measure the responses of a sample of managers in small scale enterprise with the objective of providing a better understanding of the less tractable aspects of export growth in Irish industry.

BACKGROUND TO STUDY

The impetus among small firms to export may be traced to a number of sources. It has been shown that the more important stimuli include the desire to utilise spare capacity, to counteract declining margins on the domestic market, to avail of the tax concessions and assistance by government agencies to increase profits and to achieve company growth.¹ While there are many such incentives it is also known that many problems

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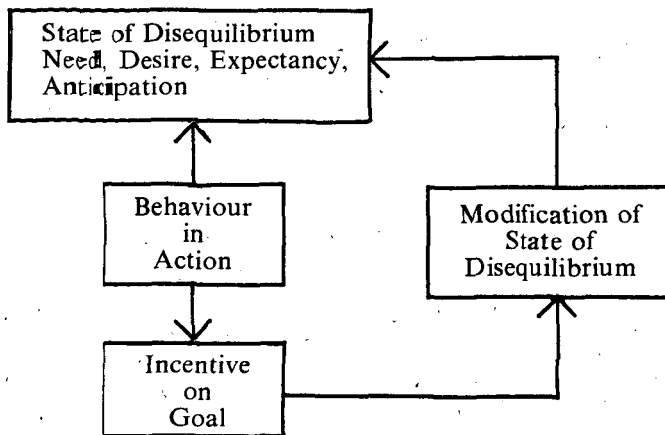
exist. Kennedy has shown that because of size smaller firms are inhibited in the export development effort.² This finding confirms the earlier conclusions by Cannon and Dawson that the "belief that small size is an indisputable disadvantage overseas has no doubt inhibited many small firms from entering export markets".³ In addition, many small firms do not welcome the possibility of growth through export. For some companies the possible outcome of growing in size as a result of exporting may not be desirable.⁴ Other factors besides size can prevent small firms from expanding through exporting. In a 1980 study of U.S. firms, Rabino has shown that the most significant problems associated with exporting is the paperwork involved in filling out forms, complying with regulations and other time consuming documentation.⁵ Similar paperwork problems have been identified as inhibitors facing Irish exporters.⁶ It has also been shown that small firms generally make poor use of external sources of information and assistance and are highly resistant to external involvement in their affairs.^{7,8}

It is against this background that the services aimed at encouraging small firms to export are poorly utilised. If state and other assistance programmes are to be fully utilised the small firm must recognise the need for assistance and must want the help offered. This is a question of a motivation issue rather than a physical impediment to export growth. As a consequence of the noted research findings it is necessary to examine the attitude structure of small scale firms with particular reference to the questions of motivation, attitudes to growth and attitudes to involvement in new markets overseas. It is also necessary to take account of the differential response behaviour to export markets likely to exist among small scale firms. Some are more likely than others to respond positively to overtures to export and this response is likely to be conditioned by the underlying attitude structures manifested by the companies involved.

MOTIVATION TO EXPORT

A review of the literature on motivation shows that there are several theories which seek to explain and measure the phenomenon. However, to date there is no generally accepted definition of motivation which can be used in all situations. Various definitions suiting different purposes have found acceptance among writers on the subject. For example, Jones has stated that motivation describes how behaviour is started, is energised, sustained, directed and stopped.⁹ Alternatively, Vroom states that motivation is the process governing choices made by persons among alternative forms of voluntary activity.¹⁰ Hence, the essential ingredient of motivation is that it is concerned with that which energises human behaviour, channels that behaviour and sustains that behaviour. The motivation process would seem to follow a model based on needs or expectations, behaviour, goals and some form of feedback, as illustrated in Figure 1.

Figure 1: The Motivational Process



Source: A modification of a model from Dunnette and Kirchner.

This simple theoretical model needs to be modified to take account of several complications. Motives can only be inferred, they can change and are frequently in conflict. Considerable differences exist between individuals concerning the manner in which they follow the prompting of some motives over others and the intensity with which they are pursued. Finally the impact of goal attainment may affect subsequent motives and behaviour.

The confusion plaguing the meaning of motivation is reflected in the historical development of the subject matter. The study of motivation as a combination of drives and habits has led to many subsequent theories, the main one being the cognitive theory of motivation, which laid the foundation for the expectancy-valence theory of motivation. It is this strand of the development which is utilised in this study. Expectancies are seen as beliefs which individuals have that particular actions on their part lead to certain outcomes. Valence denotes the amount of positive or negative value placed on the outcome by the individual. The model of expectancy theory followed here is based on four points that research on human motivation suggests are valid:

1. managers have preferences among the various outcomes that are potentially available;
2. managers have expectancies about the likelihood that an effort on their part will lead to the intended behaviour or performance;

3. managers have expectancies about the likelihood that certain outcomes will follow their behaviour, and
4. the actions a person chooses are determined by the expectancies and the preferences a person has in a given situation.

In simple format the expectancy valence theory of motivation follows the pattern:

Effort $\rightarrow$ Performance $\rightarrow$ Outcomes.

Motivation is shown to be influenced by the expectancy that an effort or action will lead to intended behaviour. Expectancy, therefore, is simply an individual's estimate of the probability that he will accomplish his intended performance if he devotes the effort. For example, a manager may believe he has a 50 per cent chance of exporting if he devotes the effort in that direction. Such a manager would have an $E \rightarrow P$ expectancy of 0.5. The second aspect of the model shows that expectancies about the consequences of task performance also influence motivation. It shows a number of expectancies, since successful task performance can lead to a number of outcomes (various degrees of success or failure). These expectancies, then, are the manager's subjective probability estimates concerning various outcomes ($P \rightarrow O$ expectancy). For example, the manager considering an export venture may be sure that if he does export he will increase company profits. In this case his $P \rightarrow O$ expectancy equals 1.0. The analysis can be extended to take account of a series of interrelated outcomes. The third aspect of the model concerns the attractiveness of the various possible outcomes. The attractiveness of a particular outcome can be thought of as varying from very desirable to very undesirable. Overall, the model suggests that an individual's motivation to perform in a particular fashion will be influenced by his expectancies about trying to perform in that way, his expectancies about the outcomes associated with performance at that level and the attractiveness of the outcomes involved.

Determinants of $E \rightarrow P$ Expectancies: The single most important determinant of a manager's $E \rightarrow P$ expectancy is the objective situation as perceived by himself. Sometimes a manager's perception of the objective situation e.g. likelihood of success on an export market, is not accurate. As a result the objective situation may not completely determine the manager's $E \rightarrow P$ expectancies. Other factors are also important determining instruments. One of the most influential of these is communication from other experienced people with respect to the situation under scrutiny e.g. the bank manager or a marketing adviser. It is important to recognise that learning reinforces $E \rightarrow P$ expectancies. Personality factors including attitudes to risk and uncertainty are also thought to influence $E \rightarrow P$ expectancies.

Determinants of $P \rightarrow O$ Expectancies: The objective situation is also known to strongly influence the $P \rightarrow O$ expectancies. Previous experience and the evaluation of experts are also thought to be important determinants. However, an evolution of the actual situation is believed to be the crucial determining factor.

Measurement of Motivation: A motivation to export index taking account of the factors already discussed, was developed for the purposes of this study. The model may be written as follows:

$$M_i = \sum_{i=1}^n E_i P_i O_i$$

where M = Motivation to export index for manager i

E_i = manager i 's estimate of the probability of success of a particular export venture

P_i = Manager i 's estimate of the probability that stated outcomes would occur

O_i = Manager i 's assessment of the attractiveness to him of the stated outcomes.

In this model the E_i are measures of the probability of success were a manager to embark on an export drive. The E_i provide measures for the question "If I try will I succeed?". The P_i provide measures in probability terms for the question "If I try what will I get?". The O_i provide evaluations of the possible outcomes or an answer to the question "What do I think of what I will get as a result of the export drive?". To obtain measures of E , P , and O a sample of 50 managers drawn from firms in the engineering sector of Irish industry were asked a set of 47 questions, the answers to which, when analysed and recombined, give a measure of M (Appendix I).

OPEN-MINDED MANAGEMENT

It has been argued that motivation to export may be seen as a composite index based on a manager's assessment of the probabilities of certain outcomes and the value of these outcomes. In this section we examine the attitudinal propensity of Irish managers to export. The underlying tenet is that open-minded managers, i.e. managers who do not perceive export

marketing issues in dogmatic terms, are more likely to adapt to a changing and ill-structured environment and are, therefore, more likely to export, than their closed minded, dogmatic colleagues. There is a considerable body of evidence in the literature to suggest that this might be the case. Before reviewing some of the more relevant literature it is important to realise, that for the purposes of this study the statement "highly dogmatic" is equivalent to "very close minded" and "low dogmatic" is the same as "open-minded". Rokeach defined dogmatism as:

- (i) relatively closed cognitive organisation of beliefs and disbeliefs about reality,
- (ii) organised around a central set of beliefs about absolute authority which in turn,
- (iii) provides a framework for patterns of intolerance towards others.

That a relationship exists between an individual's score on a dogmatism scale and his attitude to foreign products is well documented.¹² In 1972 Coney found that closed minded people were less able than open-minded people to learn new beliefs and to change old beliefs. Coney concluded that high dogmatics were also less innovative than low dogmatics.¹⁴ This is an interesting finding since the present research is very much concerned with the marketing innovation which occurs when companies embark on an export marketing programme. These findings are supported by other researchers. A 1971 study by Jacoby found that low dogmatics make significantly more innovative responses in regard to the adoption of new products than do high dogmatics.¹⁵ Low dogmatics tend to be more active in seeking out information prior to making commitments which they consider important and significantly affecting their future performance.¹⁶ Also, environments, business frameworks and management tasks which are highly structured tend to be favoured by the highly dogmatic manager.¹⁷

Given these findings it is expected that exporters and managers expressing a high propensity to export would be open-minded i.e. they would score low on a dogmatism scale. Export markets are clearly unstructured, involve considerable risk, require considerable innovation and adoption of new ideas and processes and are characterised by the need for information and assistance. It would seem, therefore, that a correlation should exist between a manager's score on a dogmatism scale and his disposition to export.

Several dogmatism scales exist in the literature which have been used in varying circumstances.^{18,19} The original dogmatism scale developed by Rokeach consisted of a battery of 40 statements. Since then many

researchers have tested and reviewed the scale. A 20 item scale has been developed and its reliability tested by Trodahl and Powell.²⁰ The reliability was found to be only marginally less accurate than the original scale. These authors concluded that ten of the items could be used by a researcher seeking a gross index of dogmatism. The scale was further developed by Ray to include an element of balance which improved its reliability considerably.²¹ In this study the Ray balanced dogmatism scale was adapted to determine whether respondents were open or close minded with the ultimate objective of examining the relationship between scores obtained and exporting behaviour. In the remaining part of this article reference is made to an open-minded scale and open-mindedness on the part of the sample group, for convenience purposes as the underlying concept is the same. The data were collected from a sample of 50 managers in small scale engineering firms as already described.

RESEARCH RESULTS AND DISCUSSION

The primary purpose of this paper is to develop scales which might be used in future research on exporting activity in Ireland. Only by testing various scales in varying circumstances will it be possible to make a selection of the most appropriate scale for a given set of circumstances. Two scales are of interest in the present study. To be useful they should measure what they purport to measure and, to avoid redundancy, both should measure different things i.e. they should not be strongly correlated. Consequently, the first test applied to the two scales was to examine the intercorrelation between them. As the correlation coefficient was 0.13 it is concluded that while the scales tend in the same general direction they should measure quite different phenomena.

The next stage is to examine the scores of the 50 respondents for the two scales developed. In doing so it is useful to include in the analysis a number of factors thought to influence the exporting activities of companies. In this study the characteristics examined are: the age of the company, company size, the educational background of the manager, the contact established with state support agencies and the level of exporting activity within the company. It is thought that a direct positive relationship should exist between these factors and scores on the two scales under scrutiny.²² An analysis of the motivation and open-mindedness scores for the managers of the 50 engineering companies in the study is shown in Table 1.

There is clear evidence of an association between company characteristics and the scores on the two scales. Taking age of company first, it is clear that the more recently formed companies scored higher on both scales than did the older enterprises. There is, however, an exception to this finding. Companies established during the period 1965-69 scored the lowest on the two scales. Nevertheless, the general trend towards higher

Table 1: Analysis of Motivation and Openmindedness Scores and Selected Company Characteristics

Company Characteristic		Number of Firms	Average Score	
			Motivation*	Openmindedness**
Age of Company	Prior to 1965	8	3.66	3.63
	1965—1969	6	2.57	3.33
	1970—1974	19	5.03	3.74
	1975—1979	17	5.90	3.88
Company Size	Less than 10 employees	16	4.53	3.56
	10—20 employees	16	4.81	3.81
	21—50 employees	18	5.01	3.78
Background of Manager	Engineering Degree	10	5.18	3.60
	Skilled Trade/Craft	25	4.74	3.60
	General Management	15	4.68	4.00
State Support Agency contact	Previous 12 months	29	4.73	3.62
	Previous 12-14 months	21	4.92	3.86
Exporting Activity	Non-Exporter	17	3.64	3.47
	Passive-Exporter	14	4.26	3.79
	Active-Exporter	19	6.26	3.89
*Motivation Scale: 1-7				
**Openmindedness Scale: 1-6				

scores on both scales for newer enterprises is in evidence. Thus, companies established recently are more likely to be highly motivated to export and are more likely to be open-minded concerning international management issues than older established enterprises. The evidence also suggests that there is a relationship between company size and motivation and open-mindedness. Smaller companies scored lower than did the large enterprises on both scales. Again, there is a peculiarity; the managers of companies in the 10-20 employees category appear to be slightly more open-minded than managers in the larger size category. Nevertheless, company size appears to be strongly related to both scales. The larger companies are more motivated and open-minded concerning exporting activities.

When we examine the educational and training background we find that managers who entered their present position through the possession of an engineering degree had the highest score on the motivation scale. Not much difference exists on this scale between managers with a skilled trade or craft background and managers who entered the business through the general management and non-technical route. By contrast, however, managers who entered the business through the general management route are considerably more open-minded concerning exporting activities than either of the other two groups of managers.

In carrying out this study it was anticipated that contact with state

support agencies such as Coras Trachtala or the Industrial Development Authority would affect the scores on the two scales under examination. Those managers who were in contact with such state support agencies during the previous twelve month period returned lower scores on both scales than did the managers who were in contact only during the previous 12-24 month period. It is difficult to interpret this result. One possible explanation might be that, having established contact, sufficient confidence was gained so that continued contact is not necessary. However, given the size of the companies and the nature of the industry a stronger explanation must be sought. Finally, the analysis sought to determine the difference for three groups of firms according to their exporting activity. The evidence is very strong that non-exporters are less motivated and less open-minded about international business than either of the other two groups. Active exporters are very highly motivated and open-minded according to the results obtained. The positive results obtained in this research augurs well for a better understanding of exporting activity and for future research in the area. The results are also instructive for organisations concerned and charged with the responsibility of encouraging exporting activity among sectors of Irish industry.

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APPENDIX I: MOTIVATION TO EXPORT SCALE

To develop the Motivation to Export scale respondents were asked the questions set out below. Answers to the first two questions are estimates of outcome probabilities while in answering the third question respondents provided an evaluation of the perceived outcome.

1. If your company were to decide to export or were to expand its exporting activities the chances of succeeding well enough to export on a continuing basis would be:

Percent

[illegible]

2. What are the chances of the following possible outcomes occurring should your company decide to export or expand its exporting activities:

1. The firm will grow in size
2. I will deal with fluctuating currencies
3. I'll gain experience/prestige
4. Profits will increase
5. I will have difficulty with credit control
6. I will travel abroad often
7. I will get tax concessions
8. I will stand to lose money
9. I will need a knowledge of foreign languages
10. I will get government grants
11. I will employ specialist export staff
12. I will need more finance
13. I will expand despite a limited home market
14. I will spend more time with the business
15. Operating costs will be cut (unit)
16. I will employ more people
17. I will be exposed to the political situation in the world
18. I will require information on foreign markets
19. I will need a knowledge of transport and shipping procedures
20. The risk element of the firm will change
21. New product/process development will be needed
22. I will spend more time with forms and regulations
23. I will endanger sales on the home market because I will not be able to give them the same attention

Opposite each of the above statements the following Scale appeared:

Percent

0	10	20	30	40	50	60	70	80	90	100

3. Please evaluate the outcomes by placing a value to you of the stated items occurring as a result of exporting or expanding exporting activities.

The 23 statements used in Question 2 were reproduced here and the following scale appeared opposite each statement.

Very Good	Good	Fairly Good	Indifferent	Fairly Bad	Bad	Very Bad

The responses to Questions 1 and 2 were multiplied together and the result weighted by the response to Question 3 and divided by 23 to provide an overall index of Motivation to Export.

APPENDIX 2: OPENMINDEDNESS SCALE

To develop an Openmindedness Scale a derivative of the Dogmatic Scale developed by Ray was used on the basis of answers to the following 12 statements.

1. In this complicated world of ours the only way we can know what's going on is to rely on experts or leaders who can be trusted.
2. My blood boils whenever a person/subbornly refuses to admit he's wrong
3. If we are going to have free speech we must defend the right to be heard openly even those we disagree with
4. There are two kinds of people in this world: those who are for the truth and those who are against the truth
5. Most people just don't know what's good for them
6. All the philosophies which exist in the world have some truth in them and probably not one is totally correct
7. The main thing in life is for a person to want to do something important
8. Man on his own is a helpless and miserable creature
9. Life can be meaningful without devotion to ideals or causes
10. Most people just don't give a "damn" for others
11. It is only natural for a person to be fearful of the future
12. In a discussion I often find it necessary to repeat myself several times to make sure I am being understood

The following scale appeared opposite each statement:

Agree Very Strongly	Agree Fairly Strongly	Agree	Disagree	Disagree Fairly Strongly	Disagree Very Strongly

It should be noted that the scoring on statements 3, 6, and 9 were reversed before the analysis was performed. The results were veraged over the 12 statements to provide an index of Openmindedness.