Exploring export sales management practices in small- and medium-sized firms

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Abstract

We investigate key sales management aspects in relation to the export involvement stage of the firm. Specifically, an attempt is made to examine the presence of significant differences in export sales management control strategy, export sales organization design and export sales management behavioral attributes between ‘active’ and ‘committed’ exporting firms. We identify several differences among these exporter groups with the main conclusion being that the sales management function is more effectively organized and managed at advanced levels of export involvement. These findings are discussed in the light of existing knowledge, and various conclusions and research implications are also derived.

Keywords: Export involvement; Export development; Export growth; Sales management; Personal selling; Export sales

1. Introduction

As a result of increasing globalization, international commercial opportunities have become vital routes to corporate growth and development [1], with an increasing number of firms entering the global arena [2]. A frequently employed mode of internationalization and one of the most common approaches adopted by small- and medium-sized firms in their endeavor to enter foreign markets is exporting [3]. This can be ascribed to the fact that this particular foreign market entry and expansion vehicle is regarded as a less resource-laden and, thus, less risky strategy in comparison with other alternatives of international engagement such as joint ventures or channel integration [4].

An examination of the international marketing literature reveals a plethora of conceptual and empirical studies that focus on firms’ export behavior management and success [5,6]. However, an area, which has received scant research attention in the international marketing field, concerns those personal selling and sales management activities that firms adopt to enter, penetrate and expand in export markets [7]. Indeed, in a recent review of international marketing serials by Hyman and Yang [8], 40 topics were identified in journals between 1985 and 1998, and sales issues were not ranked as a topic that had been studied explicitly within this period in any systematic manner. Also, only relatively recently has sales management as a specific theme been addressed within standard pedagogic materials (e.g., Ref. [9]). This caveat in the body of existing knowledge is not commensurate with other comparable marketing settings such as services marketing and business-to-business marketing where personal selling and sales management are considered central to research within these contexts. Further, it is surprising that personal selling and sales management activities have been overshadowed by other perceived research priorities in international marketing especially given that sales activities are considered crucial to the survival, growth, and profitability of the firm (cf. Ref. [10]). This is due to the critical role which the sales function plays in the implementation of effective marketing strategies in the vast majority of business organizations [10].

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This review considered 669 articles between 1985 and 1998 published in “leading international marketing journals.” Although sales considerations might arguably be included within what Hyman and Yang [8] refer to under “Negotiations and Tactics” as an explicit theme, this topic accounted for the interests of less than 1% of the total journal articles reviewed.
In appreciating this critical gap in the international marketing literature, a survey among industrial export manufacturers is reported here that investigates key sales management aspects in relation to firms’ export involvement. Specifically, an attempt was made to examine the presence of significant differences in export sales management behavioral control strategy, export organization design and export-related managerial characteristics and behaviors among distinct exporter categories in terms of level of export involvement—by comparing ‘active’ and ‘committed’ exporters. The focus of this research is on firms involved in export trading activities with industrial customers. From a theoretical perspective, this is the first systematic effort, which empirically investigates issues pertaining to export sales management activities and managerial factors in relation to the export development process of the firm.

This paper continues with the presentation of the conceptual framework underlying study. The research method employed is then discussed, which is followed by the presentation of the results. Finally, interpretation of these results is given and several conclusions are drawn in addition the implications of the study.

2. An export involvement typology

Firm internationalization has been subject to widespread research attention and empirical investigation [11]. Many researchers have examined the way in which firms progress along the export involvement continuum and suggest that a sequence of discrete stages exist which proxy the stop and go [12] (p. 92) stepwise process characterizing the evolution of international involvement. Implicit between each set of stages is the notion that fairly stable periods exist in which firms consolidate their activities and generate an appropriate resource base to respond to fortuitous environmental conditions that allow them to proceed to the next internationalization stage. For example, Moon and Lee [13] attempted to explain the dynamics of the export development process by advancing a model where three stages of export expansion were suggested, which were referred to as lower, middle and higher stages. Additionally, Rao and Naidu [14] identified four groups of firms with respect to their level of export activity: nonexporters, export intenders, sporadic exporters and regular exporters. These innovation-related models have all been operationalized in different ways, but Czinkota [15] (p. 35) has postulated that, although “...each research group has different stages of the export development process of the firm, they all portray one common view, namely, that the decision of a firm to go international is a gradual process that can be subdivided.” Despite this vast literature, considerable gaps remain in our understanding of the internationalization process [16] and consequently a caveat needs to be considered here. While there is widespread recognition and general acceptance of these models, exceptions to this rule have been observed which are reflected in the study of leapfrogging, micro-internationalization and de-internationalization.

Focusing exclusively on firms currently engaged in exporting activities, Çavusgil [21] suggested three different exporter categories according to firms’ level of export involvement: (i) experimental involvement, where the firm initiates restricted export marketing activity; (ii) active involvement, where the firm systematically explores a range of export market opportunities; and (iii) committed involvement, where the firm allocates its resources on the basis of international marketing opportunities. The significance of this typology lies in that particular profiles of export sales management activities and managerial factors can be identified that, based on existing theoretical knowledge (cf. Refs. [22,23]) are likely to differ from one exporter group to another. Given that the degree of internationalization is the exporter segmentation criterion most commonly utilized by exporting researchers and governmental export promotion agencies [24], the examination of such differences is the primary issue addressed here. However, the group of experimental exporters within this typology was extremely limited in their export sales practices and the relevance of the measures to these exporters, within the empirical study, was limited. Consequently, we base our discussion exclusively on active and committed exporters.

3. ‘Active’ and ‘committed’ exporters—theoretical underpinnings to the classification

There are many substantive reasons to consider that this active/committed exporter schema is both meaningful and

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2 A number of reasons account for this. First, Millington and Bayliss [17] concluded that, in the early part of international involvement, firms rely on market experience and thereby make incremental adjustments. However, as the degree of international experience increases, strategic planning systems are implemented which formalize strategic analysis and information search. International involvement continues to increase to the extent that experience may be translated across different markets and between various product-groups, thus, enabling firms to leapfrog the incremental process within markets. An extreme example of this leapfrogging is provided in Shama’s [18] ‘borne exporters’ and Ganitsky’s [19] ‘innate’ exporters. Both types describe those new firms that establish themselves and are immediately able to serve foreign markets. In particular, Shama [18] cites numerous examples from the e-commerce sector to illustrate this. Second, an important issue of intra-stage evolution is not considered within these models. Commonly referred to as micro-internationalization [12], this issue can have significant implications for the development of small- and medium-sized firms because a number of subtle changes regarding systems, procedures and other internal and external phenomena may influence their outlook upon exporting. Third, it is largely considered that firms advance along the path of internationalization rather than the reverse. Some international firms may encounter the situation where the aggregate disadvantages of international involvement outweigh the potential advantages of such a strategy. Given this scenario, it is possible that firms may undergo a process of de-internationalization [20] and thereby reverse the sequence of international expansion through divestment and other similar tactics.
robust to methodological and theoretical violations. If we consider exporting as a means to realize, for example, market development strategy [25] then we can draw from observations in strategy research. The strategy literature suggests that a firm’s strategic orientation can be gauged from three viewpoints: the narrative approach, the comparative approach and the classificatory approach. First, the narrative approach describes verbally the nature of strategy, which is unique to the event, situation and organization. Although notable in organizational research, this approach is constrained in its use for theory testing purposes. Secondly, the comparative view seeks to evaluate strategy by way of traits or dimensions common to all firms. Therefore, strategy is considered in terms of the relative emphasis made by a firm along each dimension. This type of export involvement measure is exposed to several limitations. For example, the most common method of operationalization is export sales intensity (export-to-total firm sales), which has been heavily criticized on the grounds that it can be masked by factors other than export operations, which can confound the validity of the metrics [26]. An alternative measure is export sales growth which can be frequently be distorted due to market growth, price fluctuations, experience curve effects with increasing returns and demand shifts [27]. Many other criticisms of export involvement measures prevail, such as those attempting to capture profit-related aspects, market-share considerations and product-related elements of this construct. For a discussion of these and other limitations of such comparative measures, see Katsikeas et al. [6].

Finally, the classificatory approach overcomes many of the constraints inherent above and has been regarded as the convention when attempting to investigate business strategy [28]. This approach attempts to classify firms’ strategy according to either ex ante conceptual arguments or ex post empirically derived groupings. These classifications are respectively known as typologies and taxonomies [29]. This form of methodology is well grounded in the marketing literature [30]. There are four advantages of this method of codification in the exporting context: (i) the development of defensible and relevant homogenous groupings allows for testing of other constructs across cases, assisting in the generalizability of findings; (ii) exporting typologies are based on conceptual frameworks that help to both describe and understand organizational diversity; (iii) links with other research areas can be established from classifications providing a predictive quality to the approach; and (iv) complex information can be distilled in a parsimonious manner to better understand patterns within data [31].

In this respect, classificatory typologies such as that employed here are comprehensive, mutually exclusive, explicit, meaningful, useful, parsimonious and provide added value in research [30]. It has been argued elsewhere that this typology is amongst the most effective of all alternative segmentation schemes that consider internationalization [23]. We now discuss the conceptualization of export sales management control, organization design and managerial behaviors, and how they are likely to differ between these exporter categories.

4. Conceptual framework

4.1. Export involvement and sales management

As distinct from indirect exporting methods, direct exporting involves firms engaging with overseas customers via one or a combination of the following market-entry vehicles: (i) agents or merchants who act as intermediaries representing the firm overseas, (ii) their own sales force based in the domestic market or (iii) an export sales department located in the overseas market(s). The basis of which form(s) of entry mode is most appropriate can be considered by transaction cost explanations [32]. The argument follows that direct exporting firms can either contract exporting arrangements to third parties or they can conduct these themselves. Transaction cost analysis suggests that the most appropriate governance structure for exporting (direct or indirect) will be dependent on the transaction costs involved in carrying out these tasks. Fig. 1 illustrates a selection of transaction specific assets that can apply to the direct exporting method where a firm maintains its own export sales force or local sales department, which is responsible for overseas sales. Each of the assets is depicted as an advantage of the direct approach.

It should be recognized that, “direct exporting occurs when a manufacturer or exporter sells directly to an importer or buyer located in a foreign market. It requires export managers’ full commitment both in their attitude and their behavior for export success” [9] (p. 549). Honeycutt [33] identifies the general relevance of bespoke sales management activities in international markets and suggests that the role of the sales manager is key to global marketing in the new millennium: “To conduct business successfully, ... sales managers must be aware of and conversant in such diverse subjects as geography, culture, technology and legal systems, while concurrently understanding mundane topics like currency exchange, international travel expenses and changing time zones.” Consequently, such individuals must be multi-skilled, especially in the context of the small- and medium-sized firm sector, given that they are responsible for sales activities in markets well beyond their domestic base (cf. Refs. [34,35]).

Stump et al. [36] have echoed this point where they emphasize that performance pay-offs can be generated when export managers exhibit commitment to the full range of export sales tasks. Consequently, export managers play a pivotal role in managing and coordinating the export sales function(s) of their firms. Direct exporting can be manifest in many organizational forms, depending upon the scale of operations and the number of years that a firm has been engaged in exporting. Irrespective of whether, local
Export sales offices are located overseas or whether export sales are serviced from a domestic base, "many international ventures, particularly manufacturing industries, start their HBE [home base exploiting] activities through exports. Frequently, however, these ventures establish dedicated sales and marketing offices in the most important foreign markets soon after they start exporting" [37] (p. 105). Nonetheless, an export manager is always responsible for the coordination of export ventures, and this individual provides the platform upon which sales management practices, behaviors, policies and strategies are considered and acted upon.

We preface this study by suggesting that improved export sales management practices and behaviors are facilitators for enhanced levels of export involvement. While we intimate a degree of causality here, this is all we seek to imply with existing knowledge. However, we do not claim that our research design is able to capture the longitudinal nature of export sales/export involvement dynamics. The main theoretical reasoning for this export sales/export involvement association can be generally found in the: (i) normative exporting literature where sales, resources, expertise and competences are linked with export development strategy [38,39]; (ii) theory of functional–structural efficiency in exporting which explains the way products are distributed and sold in export markets [12]; (iii) strategy–structure thesis, which states that, in order for performance to be optimized, firms must align their structures and associated administrative arrangements (e.g., export sales practices) with their strategy (export involvement), where the relationship is interdependent rather than mutually exclusive; and (iv) prescriptive sales literature where the sales function is considered to exhibit a strategic role in ‘progressive sales organizations’ [40,41]. Contributions from each of these literatures are variously considered below.

### 4.2 Export sales management behavioral control

Controls are an intrinsic element of sales processes [42]. Management should ensure the effective design and implementation of an export control strategy in such a way that is beneficial for both the company and the export sales personnel [43]. Two export sales management practices for attaining this are outcome control and behavioral control [44]. In this formulation, an outcome oriented control strategy is characterized by relatively limited managerial involvement with those responsible for export sales, reliance on objective measures to assess outcomes (e.g., sales) and use of incentive rewards (e.g., commission and bonus) to compensate export sales personnel efforts and results [45]. In contrast, when an export sales unit implements behavioral control strategies, top management devotes its attention to four main activities: monitoring those personnel responsible for export sales by closely observing their export sales performance and reviewing progress; directing them in terms of help and encouragement to develop their potential; evaluating the quality of their work as well as their results; and rewarding them by providing feedback on a regular basis with respect to their performance. Here, we concentrate on the use and impact of a behavioral control strategy
in exporting operations, considering that the vast majority of exporting firms implement behavioral-based control strategies, as opposed to outcome oriented forms of control.

Control systems of this form involve processes that inform managers of the specific ingredients and extent of sales activities, which are then interpreted by the senior managers who act as regulators within the organization [46], potentially inducing a response in the form of revised sales procedures, training and other such activities that form the basis of good sales practice [47]. By and large, behavior-based control has been reported as a key driver in sales organization effectiveness terms considered by way of customer satisfaction but also in market development such as market share, sales turnover and the achievement of sales objectives [48–50].

One of Miles and Snow’s [51] strategy-types is referred to as ‘prospectors,’ which adopt a proactive stance to their competitive environment and seek to exploit new opportunities in both product and market development growth vectors—such strategy characteristics have been found to be associated with export involvement among firms [52]. Further, effective prospecting-type firms have been found to maintain tight control procedures [53,54], which gives rise to Kald et al.’s [55] claim that these firms emphasize, “forecasts, strict budget targets, frequent reporting and careful monitoring of revenues” (p. 202). Also, Slater and Olson [56] reported a positive relationship between the salesperson control system and prospecting sales behavior. Given these findings, it appears that this form of control is associated with export sales effectiveness, which will be evident in sales expansion terms measured by export involvement.

4.3. Export organization design

The importance of properly designed sales territories is widely recognized by researchers in the area of sales management [57–59]. The use of territories by the sales organization is a way to certify that the selling effort is used most effectively [60]. Changes in the international business environment require continuous adjustment of sales management strategies pertaining to sales territory designs [61]. Within the domain of exporting, sales territories are designed to simplify effective export sales operations. This can be achieved by assigning a number of present and potential export customers within a given region (e.g., Middle East States) to a specific export manager. The benefits of right-sized foreign sales territories for the export unit are deeper coverage of the international marketplace, reduction of overseas selling expenses, improved job clarity for the export manager, better identification of existing and prospecting customers overseas, better fit between export sales resources and foreign customer requirements, maintenance and improvement of export customer relationships, and more accurate export performance evaluation (cf. Ref. [62]).

It is likely that senior management using behavior-based control strategies will be more concerned with the design of export territories. The rationale underlying this lies in the contention that the design of export territories determines the potential for export managers to perform the behaviors desired [59]. Slater and Olson [56] also suggest that the extent of relationship building is more apparent among prospecting-type firms, which can be sourced to the structuring of the sales organization. That is, where sales managers are able to work closely with lead users and identify problem areas with products and create improved solutions, improved sales pay-offs are likely to be realized in the export market inducing greater levels of export involvement (cf. Ref. [63]).

4.4. Export manager behavioral attributes

Export managers usually spend much of their time on activities directly or indirectly related to generating sales in overseas markets [64]. The export manager behavioral attributes construct refers to the capabilities export managers possess and what they do in order to attain the desired sales outcomes (cf. Ref. [65]). In their seminal conceptual work, Anderson and Oliver [45] identified sales planning (e.g., developing sales strategies around customers) and sales support (e.g., providing after the sales service) as fundamental sales behaviors. Additional behavioral attributes include technical knowledge (e.g., knowing the design and applications of the export venture product), adaptive selling (e.g., varying sales style from situation to situation), sales presentations (e.g., communicating export sales presentations clearly and concisely) and teamwork (e.g., discussing export sales strategies with people from various company departments).

In exporting firms with extensive overseas sales activities, it is likely that export managers will have reasonably extensive export experience [66], which will be reflected in the sales skill-set (behavioral attributes) that they will have developed over time [67]. Also, the international orientation of these managers is typically greater among firms with high levels of export/total sales in view of their greater exposure to multiple cultures [68,69]. Consequently, this can improve their ability to customize presentations, adapt sales cues and design message platforms that appeal to local market conditions rather than employ generic sales tactics that lack the bespoke qualities of market adaptation sales strategies. Moreover, there is a de facto association between the level of export involvement and the perceived success of the export sales manager’s behaviors. That is, a best practice model of effective export sales behaviors includes adaptive selling capabilities, planning successful sales strategies, coordinating with other company employees to handle post-sales problems and service, and keeping abreast of their firms’ production and technological developments.

From these conceptual arguments, we propose that committed exporting firms will tend to exhibit more sophisticated and rigorous export sales management practices
described above. We now turn to the empirical study that considers this.

5. Methodology

5.1. Research design and unit of analysis

Many reasons account for the fact that this study is descriptive in nature based upon a cross-sectional research design. First, while this is not a justification per se, the vast majority of studies conducted in export marketing are descriptive in character. Second, this type of design is appropriate when a study such as this attempts to describe the features of a certain group or groups, estimate the proportion of subjects behaving in a certain way or generate crude predictions of some kind. Third, descriptive studies can be categorized according to their longitudinal or cross-sectional approach. Longitudinal criteria are dynamic and rely on methods where data are generated from a fixed sample of estimates and measured repeatedly while cross-sectional patterns are static and associated with a sample of units from a population that are measured at one point in time—the former approach would inevitably be characterized by 'noise' across time-periods; the small- and medium-sized firms surveyed are notoriously volatile and attempting to isolate measures and map these over time-periods might arise in misleading conclusions as a consequence of the potentially confounding outcomes of multiple mediating and moderating effects—this might form the basis of future enquiries but it is theoretically premature to suggest that this type of methodology might be meaningful without the groundwork provided by more formative studies such as this.

The export venture level was determined as the unit of analysis. Consistent with the recommendation of Çavuşgil and Zou [70], we asked participants to complete the survey questionnaire concentrating on a specific export venture, defined as exporting a single product or product line to a specific foreign market. The reason underlying the selection of a specific export venture is associated with the fact that considerable variations in sales management practices are likely to exist across various export product-market ventures of the same firm [70]. Hence, the use of the individual export venture as the unit of analysis can provide a more precise assessment of the relationships examined in this study. Respondents were requested to choose a venture that they were familiar with and had responsibility for relevant export policy decision-making. Moreover, it was a condition of inclusion that the selected export venture had to be operational for a minimum of 3 years.

5.2. Sample and data collection

The sample consisted of 1000 exporting firms randomly selected from the Dun and Bradstreet commercial database of Key British Enterprises. It was not clear from the sampling frame data whether firms were primarily industrial-type organizations or whether they were affiliated to other categories. However, we attempted to select industries that were predisposed to business-to-business populations—primarily high-technology industrial sectors. For purposes of this study, a liberal interpretation of high technology was applied which typically involved sectors characterized by: rapid product innovation, exploitation of frequent new technologies in production processes, a high level of technical and scientific expertise necessary for operations, and R&D being a key driver underlying the future growth of the industry. Following the identification of sectors identified on this basis, the confirmation of industrial exporter status needed to be determined a posteriori and this was accomplished by a series of cross-check questions where respondents were prompted to check statements that most accurately reflected their firms. In the case of industrial respondents, this was gauged by their agreeing with the statement: The product offering from this export venture can be classified as an industrial/business-to-business good(s).

Specifically, the data used in this study were collected in a cross-national study of small- and medium-sized UK firms (employing no more than 500 personnel) involved in exporting activities. A large-scale mail survey was undertaken. After three mailings, each followed by a reminder, 234 usable questionnaires were collected. Of all exporters targeted, 107 were not included in the analysis: 29 reported that they were part of a multinational company, 44 stated that they were not involved in exporting activities any more and 34 were not accessible due to incorrect contact details. Therefore, a response rate of 26% (234 of 893 eligible firms) was attained. Of the 234 participant firms, 171 satisfied this research design requirement exporting directly industrial products. The remainder (63 firms) were either involved in the exportation of consumer goods or they did not declare their level of export involvement in the research instrument and were thus excluded from the analysis.

To test for the possibility of nonresponse bias, a formal procedure was performed to compare early with late respondents as suggested by Armstrong and Overton [71]. Using a series t-tests, no significant differences appeared to exist between early and late respondents regarding specific company demographics (i.e., number of employees, age of the company, export ratio and number of countries the firm exports) at conventional levels ($P > .05$). Therefore, nonresponse bias does not appear to be an issue of concern in this study.

5.3. Questionnaire and measures

The research instrument was developed and refined in three stages. First, to efficiently measure the study constructs, a thorough review of the sales management and international marketing literatures was conducted, along with exploratory interviews with export executives. Second,
several researchers with knowledge in the areas of personal selling and sales management and international marketing reviewed the survey instrument to examine the content validity of the items selected. Third, the survey questionnaire was extensively pretested and refined through personal interviews with managers in exporting firms to assure effective semantic design and instrument format.

5.3.1. Export involvement

The nature of export development was determined by a priori classification of exporting firms. Following Cauşgil’s [21] conceptualization of the extent of export involvement, and in accordance with the operationalization approach employed by Haar and Orúz-Buonafina [72] and Katsikeas et al. [23], respondents were requested to select a statement that best described the level of their firm’s export involvement. Specifically, respondents were asked to identify which of the following three statements most closely explained the extent of their company’s export involvement: (i) exporting for your firm is a marginal business activity, which is primarily conducted on the basis of filling unsolicited orders from abroad; (ii) your firm is involved in a systematic exploration of market opportunities overseas and commits some resources to serve export markets on a ‘regular’ basis; (iii) your firm searches for business opportunities in the global marketplace, and designs and implements world-wide export marketing strategies. Accordingly, 25 of the participant firms fell into the group of (i) ‘experimental’ exporters;[4] (ii) 83 firms were classified as ‘active’ exporters and (iii) 63 were identified as ‘committed’ exporters. A similar exporter classification approach has been adopted by other major export marketing studies [14,73,74].

Small- and medium-sized firms typically do not have extensive sales forces and therefore we fall short, within our data, of the type of firms who maintain overseas sales subsidiaries [75]. In order to determine the specific export engagement method that firms generally employed, respondents were asked whether they were direct or indirect exporters; the small number if indirect exporters were then screened out. On the basis that the interests of this study are direct exporters exhibiting an export sales department in their domestic base, a further cross-check was used to enquire whether contracts in the export venture market were generally serviced via overseas agents or merchants, the respondent’s own domestically based sales force, or a sales subsidiary located overseas. By introducing these cross-checks (along with various others used), we are able to claim sample homogeneity in that the study is based on 146 responding units (with the experimental exporting group now removed—25 firms) all of whom coordinate the export of industrial products directly to the self-selected venture market, via their own export sales force.

5.3.2. Export sales management behavioral control

Export sales management behavioral control was conceptualized as a formative scale. According to Bagozzi and Fornell [76], the export management control construct is defined as the sum of the items, which technically determines its formative scale properties. Respondents were asked to assess behavioral control on the basis of four elements, those being monitoring, directing, evaluating and rewarding, using a seven-point Likert type scale, ranging from needs improvement (1) to outstanding (7).

5.3.3. Export organization design

There is distinction between the export venture and export territory. An export venture may be divided into two or more territories in order for export sales transactions to be facilitated. Therefore, an export venture is considered a broader concept than an export territory. For instance, a firm may export a particular product or product line to a certain export venture market, which is divided into export territories or regions. The export sales organization design was operationalized on the basis of an eight-item scale, adapted from Babakus et al. [58] in conjunction with exploratory interviews with export executives. Respondents were asked to indicate the extent to which they were satisfied with the structure of their firm’s export regions, using a seven-point scale ranging from not at all satisfied (1) to very satisfied (7).

5.3.4. Export manager behavioral attributes

Export manager behaviors were measured using multiple-item scales. Respondents were asked to assess the extent to which he/she practices specific behaviors, using a seven-point scale ranging from needs improvement (1) to outstanding (7), adapted from Babakus et al. [58].

Table 1

<table>
<thead>
<tr>
<th>Export organization design items</th>
<th>Factor loading²</th>
<th>Communality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of accounts in the venture market</td>
<td>.82</td>
<td>.77</td>
</tr>
<tr>
<td>Number of large accounts in the venture market</td>
<td>.70</td>
<td>.48</td>
</tr>
<tr>
<td>Sales productivity in the venture market</td>
<td>.80</td>
<td>.64</td>
</tr>
<tr>
<td>Number of sales visits in the venture market</td>
<td>.72</td>
<td>.52</td>
</tr>
<tr>
<td>Assignment of personnel to support sales activities in the venture market</td>
<td>.78</td>
<td>.61</td>
</tr>
<tr>
<td>Eigenvalue</td>
<td>3.04</td>
<td></td>
</tr>
<tr>
<td>% of variance explained</td>
<td>60.78</td>
<td></td>
</tr>
<tr>
<td>Cronbach’s α</td>
<td>.83</td>
<td></td>
</tr>
</tbody>
</table>

⁴ This group of experimental exporters was not included in statistical analysis due to their prima facie lack of formal exporting infrastructure within the firm and the fact that firms with this level of export involvement typically do not exhibit the sales governance arrangements that are of interest in this study. We thank an anonymous reviewer for suggesting the theoretical arguments that justify their deletion.
6. Analysis and results

6.1. Principal components analysis and scale construction

Following inspection of scatter diagrams and bivariate correlation analyses, principal components analyses were performed on the export organization design and manager characteristics and behaviors data to examine the dimensions underlying each of these constructs. Factor selection was based on eigenvalues of one or greater in conjunction with the scree test. In all models, the solution was characterized by strong individual loadings on each factor and also reflecting clear conceptual homogeneity. As depicted in Table 1, export sales unit design is a unidimensional construct—a single factor solution emerged explaining 61% of the variance. Table 2 exhibits six dimensions found to underlie the export manager characteristics and behaviors construct; these dimensions, explaining 68% of the variance, are labeled respectively as sales presentation, sales planning, adaptive selling, teamwork, sales support and technical knowledge.

Composite measures were constructed for each factor by calculating the mean score of the items loading heavily on each factor. Scale validation of the composite measures was performed in two steps. Firstly, the Cronbach’s $\alpha$ coefficient

Table 2
Principal components analysis of behavioral attributes and scale statistics

<table>
<thead>
<tr>
<th>Behavioral attributes items</th>
<th>Sales presentation</th>
<th>Sales planning</th>
<th>Adaptive selling</th>
<th>Teamwork</th>
<th>Sales support</th>
<th>Technical knowledge</th>
<th>Communality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Listening attentively to identify and understand the real concerns of overseas customers</td>
<td>.76</td>
<td>.03</td>
<td>.20</td>
<td>.29</td>
<td>.22</td>
<td>.12</td>
<td>.74</td>
</tr>
<tr>
<td>Convincing overseas that you understand their unique problems and concerns</td>
<td>.80</td>
<td>.18</td>
<td>.18</td>
<td>.12</td>
<td>.23</td>
<td>.02</td>
<td>.77</td>
</tr>
<tr>
<td>Using established contacts to develop new customers overseas</td>
<td>.73</td>
<td>.24</td>
<td>.09</td>
<td>.09</td>
<td>.08</td>
<td>.04</td>
<td>.62</td>
</tr>
<tr>
<td>Communicating export sales presentations clearly and concisely</td>
<td>.67</td>
<td>.21</td>
<td>.09</td>
<td>.22</td>
<td>.01</td>
<td>.18</td>
<td>.59</td>
</tr>
<tr>
<td>Working out solutions to a foreign customer’s questions and objections</td>
<td>.75</td>
<td>.21</td>
<td>.28</td>
<td>.01</td>
<td>.08</td>
<td>.16</td>
<td>.71</td>
</tr>
<tr>
<td>Planning each overseas sales/visit call</td>
<td>.19</td>
<td>.80</td>
<td>.14</td>
<td>-.09</td>
<td>.11</td>
<td>.04</td>
<td>.73</td>
</tr>
<tr>
<td>Planning export sales strategies for each foreign customer</td>
<td>.18</td>
<td>.84</td>
<td>.16</td>
<td>.14</td>
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<td>.06</td>
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<td>Planning coverage for assigned area(s) of export responsibility/foreign customer responsibility</td>
<td>.21</td>
<td>.81</td>
<td>.13</td>
<td>.14</td>
<td>.13</td>
<td>.08</td>
<td>.76</td>
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<tr>
<td>Planning daily activities concerned with exporting</td>
<td>.20</td>
<td>.61</td>
<td>.17</td>
<td>.26</td>
<td>.08</td>
<td>.29</td>
<td>.59</td>
</tr>
<tr>
<td>Experimenting with different selling approaches</td>
<td>.11</td>
<td>.20</td>
<td>.67</td>
<td>.17</td>
<td>.06</td>
<td>.13</td>
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<tr>
<td>Being flexible in the export selling approaches used</td>
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<td>.09</td>
<td>.30</td>
<td>.03</td>
<td>.13</td>
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<td>.19</td>
<td>.63</td>
<td>.30</td>
<td>.05</td>
<td>.05</td>
<td>.56</td>
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<tr>
<td>Varying selling style from situation to situation</td>
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<td>.12</td>
<td>.86</td>
<td>.11</td>
<td>.06</td>
<td>.79</td>
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<tr>
<td>Building strong working relationships with other people in the company</td>
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<td>.05</td>
<td>.18</td>
<td>.82</td>
<td>.10</td>
<td>.02</td>
<td>.78</td>
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<tr>
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<td>.08</td>
<td>.10</td>
<td>.84</td>
<td>.03</td>
<td>.09</td>
<td>.76</td>
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<tr>
<td>Discussing export selling strategies with people from various company departments</td>
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<td>-.07</td>
<td>.08</td>
<td>.01</td>
<td>.66</td>
<td>.13</td>
<td>.50</td>
</tr>
<tr>
<td>Providing after sales service for foreign customers</td>
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<td>.22</td>
<td>.03</td>
<td>.03</td>
<td>.82</td>
<td>.04</td>
<td>.72</td>
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<tr>
<td>Handling overseas customer complaints</td>
<td>.21</td>
<td>.09</td>
<td>.05</td>
<td>.09</td>
<td>.76</td>
<td>.06</td>
<td>.62</td>
</tr>
<tr>
<td>Follow up on a foreign customer’s product use</td>
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<td>.09</td>
<td>.05</td>
<td>.09</td>
<td>.76</td>
<td>.06</td>
<td>.62</td>
</tr>
<tr>
<td>Troubleshooting application problems in the venture market</td>
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<td>.05</td>
<td>.16</td>
<td>.11</td>
<td>.62</td>
<td>.25</td>
<td>.50</td>
</tr>
<tr>
<td>Knowing the design and specifications of the export venture product</td>
<td>-.03</td>
<td>.19</td>
<td>.08</td>
<td>.02</td>
<td>.17</td>
<td>.85</td>
<td>.79</td>
</tr>
<tr>
<td>Knowing the applications and functions of the export venture product</td>
<td>.13</td>
<td>.07</td>
<td>.08</td>
<td>.13</td>
<td>.17</td>
<td>.86</td>
<td>.82</td>
</tr>
<tr>
<td>Keeping abreast of the company’s production and technological developments</td>
<td>.33</td>
<td>.04</td>
<td>.12</td>
<td>.02</td>
<td>.13</td>
<td>.66</td>
<td>.59</td>
</tr>
<tr>
<td>Eigenvalues</td>
<td>7.36</td>
<td>2.05</td>
<td>1.83</td>
<td>1.59</td>
<td>1.52</td>
<td>1.41</td>
<td>1.59</td>
</tr>
<tr>
<td>% of variance explained</td>
<td>31.98</td>
<td>8.91</td>
<td>7.94</td>
<td>6.93</td>
<td>6.63</td>
<td>6.13</td>
<td></td>
</tr>
<tr>
<td>Cronbach’s $\alpha$</td>
<td>.88</td>
<td>.85</td>
<td>.81</td>
<td>.85</td>
<td>.75</td>
<td>.80</td>
<td></td>
</tr>
</tbody>
</table>

$^a$ “Generating considerable export sales volume from team sales,” “checking on product delivery overseas” and “analyzing export product use experience to identify new product service ideas” are excluded from this analysis.

$^b$ Principal components analysis, with varimax rotation, converging in seven iterations.
for each scale was calculated. Tables 1 and 2 indicate that all scales satisfy Nunnally’s [77] threshold level of acceptance reliability with an $\alpha$ value of .70 or greater. Secondly, following Churchill [78], the validation of each scale was gauged by item-total correlation analyses. All correlation coefficients were found to be high, specified in the anticipated direction and statistically significant ($P < .001$), suggesting that no scale item(s) needed to be eliminated. Therefore, these derived scales were deemed suitable for use in investigating relationships between different stages of firms’ export involvement.

### 6.2. Criterion-related validity

Prior to proceeding to test for inter-group differences, criterion-related validity needed to be assessed in order to determine the extent to which the groups were ‘different’ in a theoretical sense. Consequently, appropriate variables needed to be introduced to the analysis so as to compare both groups. It is advised that “…such variables should be theoretically related to the [groups]… but not defined in the [groups]” [79] (p. 447; authors’ emphasis). In strategy research, the most common measures to be used in this form of validity test are outcome-based measures or performance variables [80,81]. The most meaningful measures considered for this form of assessment in this study were percentage of export to total firm sales and percentage of firm profits derived from export sales. Analysis of variance confirmed criterion-related validity in this instance significant differences ($P < .05$) being consistent with anticipated results (Table 3)—export involvement is indeed explained by both the extent of export to total firm sales and the ratio of firm profits derived from exporting. These results therefore enhance confidence in our a priori exporter categorization typology. In line with recommended practice, a two-stage approach was adopted for studying group differences [82,83].

<table>
<thead>
<tr>
<th>Variables(^a)</th>
<th>Means (S.D.)</th>
<th>Committed exporters (n=63)</th>
<th>F-value(^b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage of export sales to total firm sales</td>
<td>7.63 (4.74)</td>
<td>11.17 (5.19)</td>
<td>18.34 *</td>
</tr>
<tr>
<td>Percentage of firm profits derived from export sales</td>
<td>6.97 (4.63)</td>
<td>10.73 (4.96)</td>
<td>21.34 *</td>
</tr>
</tbody>
</table>

\(^a\) Test of potentially confounding effects within the exporter group classification. As anticipated, the statistically significant differences reported are consistent with escalating export involvement where committed exporters attribute a significantly greater proportion of total sales and sales profitability to export markets as compared with active exporters.

\(^b\) df=1,139.

* Significant at the .05 level.

### Table 4 MANCOVA\(^a\) and MDA results

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Means(^b)</th>
<th>Wilks’ $\lambda$</th>
<th>F-ratio(^c)</th>
<th>Discriminant loading</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active exporters</td>
<td>Committed exporters</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Export sales management behavioral control</td>
<td>3.63</td>
<td>4.38</td>
<td>.92</td>
<td>5.71**</td>
</tr>
<tr>
<td>Export sales organization design</td>
<td>4.31</td>
<td>4.73</td>
<td>.97</td>
<td>2.21</td>
</tr>
</tbody>
</table>

** Export manager behavioral attributes

| Sales presentation | 4.67 | 5.12 | .96 | 3.11 * | .48 |
| Sales planning | 4.14 | 4.81 | .92 | 6.33** | .31 |
| Adaptive selling | 4.38 | 4.77 | .97 | 2.68 | .40 |
| Teamwork | 4.49 | 5.10 | .94 | 4.48** | .36 |
| Sales support | 4.02 | 4.88 | .84 | 13.00*** | .93 |
| Technical knowledge | 5.30 | 5.59 | .98 | 1.21 | .13 |

** Multivariate summary

| Wilks’ $\lambda$ | .839 |
| Multivariate significance level | .001 |

** Box’s $M$ Approximate $F$ df Significance

| 365 | .359 | 1,11454.77 | .55 |

\(^a\) Covariates: number of full time employees, duration of firm’s export activities and export sales turnover.

\(^b\) Standardized mean values calculated on the basis of the analysis subsample (n=73).

\(^c\) df=1,68.

* Significant at the .10 level.

** Significant at the .05 level.

*** Significant at the .01 level.
6.3. First stage analysis

During the first stage of analysis, a multivariate analysis of covariance (MANCOVA) was performed to test the null hypothesis of no simultaneous exporter group differences comparing the independent variables, while controlling for the possibility of bias from the potentially confounding influences of firm size (number of full-time employees), duration of firms’ export activities and export sales turnover. Table 4 demonstrates the basis for the rejection of this hypothesis (Wilks’ λ = .68, F = 7.60, P ≤ .005) to reveal that significant differences were computed between active exporters and committed exporters while controlling for extraneous variable influences. However, in order to identify the contribution of each dimension to exporter group differences, a second stage of analysis was necessary to identify both univariate and multivariate effects.

6.4. Second stage analysis

The second stage of analysis involved multiple discriminant analysis (MDA). The split-sample procedure was used considering the relatively large size of the study sample (n>100). Consequently, the study sample was randomly classified into two subsamples of equal size—the analysis subsample and the holdout subsample. Based on the analysis subsample, analysis of variance tested the presence of differences between the exporter groups explained by measures of the independent variables; results illustrated in Table 4 reveal significant differences between active and committed exporters regarding the variables under investigation. The univariate F-ratios indicate that export sales management behavioral control, sales planning, teamwork and sales support differ significantly between the two groups of active and committed exporters (P ≤ .05). Additionally, sales presentation and adaptive selling are of moderate significance (P ≤ .10). Finally, export sales organization design and technical knowledge indicate no univariate statistical significance (P > .10).

Moreover, the direction and magnitude of each independent variable was assessed by using MDA. Producing an eigenvalue of .19 and a canonical correlation of .40, the derived discriminant solution was considered at the group centroids for active and committed exporters that were .33 and .56, respectively. The model met the assumption of the equivalence of covariance matrices across the two groups (Box’s M = .37, approximate F = 0.36, df = 1.11454.77, P > .05), and the independence assumption, indicating that there is evidence of discriminant validity (Table 4).

The findings depicted in Table 4 also reveal that six variables were found to differ significantly between active and committed exporters, as signified by the standardized canonical discriminant function coefficients displaying values equal to or greater than ± .30. These discriminating variables mirror those from our univariate findings and refer to export sales management control, sales presentation, sales planning, adaptive selling, teamwork and sales support. The export manager technical knowledge and export sales organization design was found to be of no significance in distinguishing between the two groups.

In order to assess the predictive validity of the discriminant function, the classification accuracy attributed to the classification matrix was examined. The approach used for classifying sample and future observations was the statistical decision theory method based upon Bayesian theory, thus, minimizing misclassification errors by considering prior probabilities and misclassification costs. Predictive accuracy was assessed by comparing the percentage of cases correctly classified (79.50%) with both the maximum (50.70%) and proportional (49.91%) chance criteria indicating that the discriminant function is a valid instrument for assessing differences between active and committed exporting firms (Table 5).

7. Conclusions and implications

This study set out to investigate key sales management considerations, among industrial export manufacturers, in relation to the export involvement. Specifically, an attempt was made to examine the presence of significant differences in export sales management behavioral control strategy, export organization design and export-related sales managerial behaviors between active and committed exporter categories. Our findings reveal that both sales organization activities and sales management elements play a significant role in distinguishing among these firm groups.

As compared with those firms engaged in active exporting, committed exporters were found to attach greater importance in monitoring, directing, evaluating and rewarding control activities (cf. Ref. [84]). In fact, the extent of desired control is also potentially a function of the mode of export involvement at the venture level. For instance, “exporting through international intermediaries, such as foreign-based distributors, is a relatively easy but low-control way of to enter foreign markets... Performance can suffer in this export channel, because the separate ownership and profit claims of the manufacturer and distributor often lead to arms-length trading arrangements... Because prices are a crucial governing mechanism for exchange with foreign-based distributors,
the resulting bargaining can lead to operational inefficiencies, slow information flows and poorly coordinated business functions” [85] (p. 22).

According to this literature, indirect exporters, such as these, relinquish control as they pass responsibility for several functions over to title-taking distributors who are compensated for a negotiated component of the profit margin. In doing this, the exporter becomes exposed to vulnerabilities and frequently export sales performance suffers [86]—there is reasonably small but irrefutable volume of evidence that finds this to be the case leading back to original work in the 1980s, such as Rosson [87] who tracked a set of export manufacturer–distributor relationships across a 7-year time horizon and found that in most cases contracts between the two had been terminated and for all the remaining relationships, distributors had failed to increase export sales performance. Interestingly, though we find that, for direct exporters considered in this study, the control–sales performance association can be paralleled. When control arrangements are sound, the exporting firm can mount deliberate campaigns to increase export sales, which in turn leads to subsequently increasing levels of control. However, caution should be exercised in interpreting this finding. It may be the case that beyond a certain level of export sales, the extent of control may damage export sales. For instance, the sales supervision literature suggests that control can appear intrusive to successful sales people, which can induce problems for those individuals who do not require such close scrutiny and prefer to work with the benefit of greater flexibility [88]. However, while our evidence does not indicate this from our data, this is an interesting question for future research.

Turning to export manager behavioral attributes, there is overwhelming evidence to claim that the export managers of firms at advanced stages of export involvement maintain greater skills and effectiveness in sales-based considerations concerning their adaptive selling, teamwork, and both sales presentation and planning—indeed, these attribute dimensions were significantly different between both groups. It has to be appreciated that the export sales manager’s job is multifaceted requiring multiple skills [89]. Demands are made of personal qualities (teamwork and sales presentation), intellectual flexibility (technical knowledge and adaptive selling) and coordination (sales planning and sales support). Overlaid on these issues are the international complexities and nuances of country/regional markets. Consequently, the firm pursuing an export expansion strategy must ensure that the export sales manager(s) is equipped to deal with the challenging array of tasks that the role requires [90]. In addition, consideration should be given to performance of the export managers in this role [90] and this factor is made all the more intricate in the light of the multiple markets and customer groups that the export manager encounters. Moreover, acknowledgement must be made by senior managers in exporting firms that a multitude of factors determine the nature and extent of sales performance [91]—not least of which is: the product offering and value-based proposition; innovation, time-to-market and roll-out; limitations on export trade (such as export controls, import restrictions, exchange rate positions and such like); competitor reaction; multi-market competition; bases of value (ratio of potential purchase sacrifices against potential purchase gains); and in the industrial market considered in this study, the dynamics within the buying center and the complex purchase decision criteria that they employ.

There are a number of research implications that can be derived from this study. First, consideration should be given to the nature of changing export sales management infrastructure in exporting firms. In many instances, export involvement and export sales practices do not necessarily follow a linear relationship. The reason underlying this is that as firms export sales grow, opportunities arise for them to supplement their previous sales mechanisms with alternatives such as indirect export methods, more advanced direct exporting methods or potentially switch to an alternative, more advanced, mode of foreign market expansion. Therefore, future studies may develop contingency arguments whereby the form of export sales management is considered at various levels of internationalization.

Second, this study concentrated on a particular international business setting, namely a self-selected export venture of small- and medium-sized UK firms, engaged in the direct exportation of industrial products. It is important that international marketing researchers should undertake replication studies within other contexts in order to test the external validity of these findings. Recent interest in the value and importance of replication and extension has been raised within the business management literatures [92]. Given the novel topic studied here and the nature of findings discovered, replicability plays a fundamental role in scrutinizing the research conclusions and we make such a recommendation.

Third, the present study operationalized the export sales organization design construct as a multi-item scale, which does not consider factors such as export product and market specialization, major account and team sales approaches overseas, and vertical organization structure. Nevertheless, the items included in the export sales organization design scale represent important aspects for investigating a wide range of international selling environments and situations. Furthermore, deficiencies in export product or market specialization and other design problems are likely to be reflected in the responses to several of the design scale items utilized for the purposes of this study. Future research efforts should incorporate the aforementioned factors in the export sales organization design construct and its associated operationalization and measurement.

Finally, the emerging view of organizations as aggregations of ‘processes’ instead of ‘functions’ provides an alternative view of business that has particular relevance to this area.

5 As suggested by an anonymous IMM Review Panel Member.
of study [93]. The distinction is an appropriate one here in that processes tend to transcend functional boundaries and more accurately represent workflows in organizations. For instance, order cycles can require inputs from multiple functions such as sales for order transmission, information systems for order processing, warehousing for order selection, and logistics for transportation and delivery with marketing providing after-sales service. Such processes can be highly structured which lends itself to process-based analysis [94]. Insights derived from this stream of research may help to improve understanding of functional coordination and facilitate a more holistic view of sales effectiveness based upon discrete information flows. This process-based view of sales is likely to have a significant influence upon the strategic role of the sales function in whatever form, and researchers have to be aware of these developments and their implications. Thus, sales management processes and activities may be conceptualized in a manner that is more consistent with processes from sales lead through to customer service; thus, overcoming potentially myopic considerations of the sales function and ensuring that the contribution of other organizational constituencies is taken into account.

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[92] Easley RW, Madden CS, Dunn MG. Conducting marketing science:


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