Managerial assessments of export performance: What do they reflect?

Tage Koed Madsen⁎, Øystein Moen

Department of Marketing & Management, University of Southern Denmark, Campusvej 55, 5230 Odense M, Denmark

Department of Industrial Economics and Technology Management, Norwegian University of Science and Technology (NTNU), Alfred Getz Veg 3, 7491 Trondheim, Norway

A B S T R A C T

Export performance is often measured by managers’ subjective assessments, but little is known about what such assessments reflect. This article addresses this gap in the literature by analyzing the association between subjective and objective measures of export performance. We examined which aspects managers take into consideration when subjectively assessing the export performance of their firm. We also examined whether managers’ assessments had any predictive power concerning the future development of their firm’s export sales.

Our empirical evidence is based on Norwegian small and medium-sized enterprises operating mainly in business-to-business markets. Our analyses show that managers’ subjective assessment of export performance at the firm level is significantly associated with the percentage of the total firm sales that are exported. This is true for assessments of economic as well as non-economic performance. Subjective assessments, however, were not associated with actual export sales levels or with export growth.

1. Introduction

The academic interest in the concept of export performance dates back to very early studies, for example, to Tookey (1964) who examined successful British exporters. In early reviews, Madsen (1987), Aaby and Slater (1989), and Gemünden (1991) pointed to the complexity of the construct, since it implies for instance short-term as well as long-term aspects, various levels of analysis (e.g. firm or venture), and economic versus non-economic factors. Diamantopoulos (1998) pointed to the importance of distinguishing between economic and non-economic aspects of performance, the former pertaining to sales and profitability and the latter to strategic issues such as knowledge creation and network building. Still, a variety of different approaches are used in the measurement of export performance. Examples from recent research are the firm’s export intensity (Kim & Hemmert, 2016; Love, Roper, & Zhou, 2016; Kahia & Dean, 2014; Wang, Cao, Zhou, & Ning, 2013), export profitability, market share, growth, or margins (Alten & Tudoran, 2016; Dhanaraj & Beamish, 2003; Kahia & Dean, 2014) or perceived, subjective assessments made by top managers, for example satisfaction with sales and profitability or satisfaction with financial and strategic results (Azar & Gabuschi, 2017; Oura, Zilber, & Lopes, 2015; Julian, Mohamad, Ahmed, & Sefnidi, 2014; Filatotchev, Liu, Buck, & Wright, 2009).

Literature reviews demonstrate that managers’ subjective perception of export performance is often used as a measure of export performance. The most recent review of 124 export performance studies (Chen, Sousa, & He, 2016) reports fragmented measures of export performance. A total of 53 different measures are used. The majority of measures are economic (profitability, export sales/growth, export intensity), but also subjective measures (satisfaction, goal achievement) are used in numerous studies. The use of subjective measures is, however, lower that reported by Sousa (2004). The studies he reviewed applied 50 different measures of export performance, out of which almost 80% were subjective measures, often expressed as managers’ satisfaction with various aspects of their firm’s export activities. However, the existing literature does not inform us much about what managers have in mind when they assess satisfaction with export activities. It remains unclear what such subjective measures reflect. Are managers satisfied with the firm’s export activities due to a high percentage of the total firm sales that are exported (export share), export sales, growth, profitability, or because they learn by exporting, they manage to identify new key customers, or is their satisfaction due to other non-economic aspects?

Numerous studies attempt to understand how a firm’s export performance depends on organizational competences, managerial skills, and environmental conditions such as competition and consumption patterns. Many these studies use subjective assessments as the dependent variable, but very few studies have attempted to understand and
analyze the relationship between objective and subjective measures of export performance (e.g., Stoian, Rialp, & Rialp, 2011; Diamantopoulos & Kakkos, 2007). More in-depth understanding of the underlying aspects of such subjective measures is therefore of utmost importance. This is exactly what the current study aims to achieve.

This article is focused on export performance at the firm level in small and medium-sized enterprises (SMEs). We examine the inter-relationships between subjective performance measures and objective measures of export sales and growth. Subjective measures were obtained in 2004, and objective measures cover the period 2001–2009. The type of data presented is unique and contributes to the theory, as it informs the research area by identifying the underlying dimensions that are actually captured when applying subjective measures of export performance. The analyses also assess the usefulness of managers’ perceptions of export performance if the research interest is forecasting future export sales levels at the firm level.

In their much-cited article, Katsikeas, Loendidou, and Morgan (2000) report very few attempts to examine the relationships between subjective and objective measures of export performance. Since then, Diamantopoulos and Kakkos (2007) have proposed a framework for understanding how managers assess export performance, but in line with Sousa, Martinez-López, and Coelho (2008), they call for further research on the topic. Otherwise, very few scholars have addressed the issue as pointed out by Stoian et al. (2011). The unique contribution of our study is that it is based on longitudinal data which allow for analysis of how subjective measures in 2004 are associated with export sales and growth 1–5 years before and also 1–5 years after the subjective measures were obtained.

This article initially delineates the main approaches to the study of subjective and objective measures in the literature and formulates hypotheses before the empirical methodology is outlined. The results section reports the details of the data analysis before the discussion section explains how the current study informs the conversation about export performance in the literature. The article concludes with suggestions for future research.

2. Subjective and objective measures of export performance: theories, measures, and hypotheses

For managers as well as policy makers, it is of vital importance to know which factors lead to high export performance (see for example Hult, Cavusgil, Deligonul, Kiyak, & Lagerström, 2007). It is therefore not surprising that the concept of export performance has been widely researched in international business (Katsikeas et al., 2000). Unfortunately, the concept involves many diverse dimensions, which have led to diverse operationalization in empirical studies trying to identify factors of importance for the performance of an exporting firm or a particular export venture. The lack of a non-ambiguous measurement of export performance has hampered the theoretical as well as managerial advancement of the field. This has been demonstrated in numerous literature reviews (e.g., Gemünden, 1991; Katsikeas et al., 2000; Madsen, 1987; MatthysSENS & PauwELS, 1996; Shoham, 1998; Zou & Stan, 1998; Leonidou, Katsikeas, & Samiec, 2002; Chen et al., 2016; Ruppenthal & Bausch, 2009; Shoham, 2002; Sousa et al., 2008; Sousa, 2004; Stoian et al., 2011).

Kahiya and Dean (2014) note that “measurement and operationalization of the export performance construct remains a daunting undertaking” (p. 387). Diamantopoulos and Kakkos (2007) believe this is because it has to be evaluated against the firm’s situation and strategies, as they are critical when assessing the firm’s results in export markets. In some instances, managers even reject traditional quantitative measures such as growth and export volume as being irrelevant for their firm (Alteren & Tudoran, 2016); instead, they suggest measures such as level of customer satisfaction. But, as Azar and Cibaschi, 2017 point out, there are still no definite and unambiguous guidelines for the measurement of export performance.

Many contributions to the export performance literature have distinguished between subjective and objective measures of export performance (e.g., Madsen 1998; Stoian et al., 2011). Sousa (2004) reports that in the studies he reviewed, the objective measures were mainly export share and export sales, whereas the subjective measures would capture managers’ level of satisfaction with the firm’s overall performance in export markets or aspects related to sales, profits, market share, learning, or new contacts. As pointed out by Diamantopoulos and Kakkos (2007), there is, however, very little empirical evidence concerning which frame of reference and time horizons managers use when they assess export performance.

Subjective measures such as top managers’ overall satisfaction with the firm’s export activities can be expected to encapsulate all the contingencies that have an impact on the firm’s goals, actions, and results. It may be assumed that managers know about the market conditions as well as the skills and competences of the firm’s employees, the strengths of its products, and the competitive forces. But in fact we know very little about their ‘map’ in terms of the dimensions and components involved when they evaluate export performance (Madsen, 1998). Diamantopoulos and Kakkos (2007) findings represent the most comprehensive attempt to address this gap in the literature. Based on data from a survey of 171 British exporters, they constructed a composite index of assessed export performance. The index incorporates managers’ assessed importance of, as well as satisfaction related to, sales, profitability, and new product introduction, where each of these is evaluated in comparison with the firm’s own plans as well as competitor performance.

In another study, Stoian et al. (2011) examined the association between objective measures (export intensity as well as number of export recipient countries and zones) and subjective measures such as managers’ level of satisfaction with export profitability and expansion into new markets as well as satisfaction with the firm’s market position (market share, sales growth, achievement of objectives). Based on data from 146 small and medium-sized Spanish exporters, they reported a significant association between the objective and the subjective measures of export performance. They concluded that it is important to include objective export results in order to understand managers’ subjective assessments of export performance.

However, no previous study has yet examined the association between subjective and objective export performance measures in a longitudinal setting which is the empirical background for testing the hypotheses developed below.

Several attempts have been made to develop scales to measure export performance. These have included: the EXPERF scale (Zou, Taylor, & Osland, 1998), the STEP scale (Lages & Lages, 2004), the APEV scale (Lages, Lages, & Lages, 2005), and a scale dedicated to measuring export performance in networks (Lages, Silva, & Styles, 2009). In accordance with Katsikeas et al. (2000), these scales have been reflecting subjective as well as objective measures, primary as well as secondary data, absolute as well as relative measures, and finally export performance has been suggested to be measured at the export venture level as well as at the firm level.

Since the aim of the article is to address the gap in the literature concerning the association between subjective and objective measures of export performance, we included register data from Statistics Norway providing objective measures of actual export share and export sales/growth (see Section 3.2) as well as managers’ subjective evaluation of export performance (see Section 3.3). Concerning the subjective measures we followed Madsen (1998), Aspelund, Madsen, and Moen (2007) and Madsen, Moen, and Hammervold (2012) and distinguished between ‘soft’ and ‘hard/economic’ perceived export performance. We use the term ‘SoftPerf’ to reflect managers’ perceived satisfaction with export activities in terms of less tangible aspects such as their learning about competitors and distribution channels and also whether their export activities have provided them with access to new markets or additional competences. In particular for SME exporters such ‘soft’
دریافت فوری متن کامل مقاله

امکان دانلود نسخه تمام متن مقالات انگلیسی
امکان دانلود نسخه ترجمه شده مقالات
پذیرش سفارش ترجمه تخصصی
امکان جستجو در آرشیو جامعی از صدها موضوع و هزاران مقاله
امکان دانلود رایگان ۲ صفحه اول هر مقاله
امکان پرداخت اینترنتی پس از پرداخت آنلاین
دانلود فوری مقاله پس از پرداخت آنلاین
پشتیبانی کامل خرید با بهره مندی از سیستم هوشمند رهگیری سفارشات