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Can organizational behavior explain the export intention of firms? The effects of organizational culture and ownership type

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Abstract

The research objective of this paper is to examine the export intention of firms from the standpoint of organizational behavior. A model is designed to study the effects of two organizational behavior dimensions, namely organizational culture and ownership type, on the export intention of American firms. The findings indicate that adaptable cultures increase and internally oriented cultures decrease the likelihood of a firm's intention to export. Data analysis further indicates a strong association between ownership type and the export intention of firms. Externally controlled firms have the highest level of export intention followed by manager-controlled and owner-controlled firms. Implications, limitations, and directions for future research are discussed in the paper. © 2001 Elsevier Science Ltd. All rights reserved.

Keywords: Non-exporters; Export intention; Organizational culture; Ownership; Export support

1. Introduction

The investigation of major variables that are critical to firms' export decision has been the main research endeavor over the past two decades (Aaby & Slater, 1989; Katsikeas & Piercy, 1993; Rynning & Andersen, 1994). Some of the studies in the export marketing literature attempted to capture the major differences between exporting and non-exporting firms with respect to attitudes, perceptions, and

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resource-based capabilities (e.g. Cavusgil, Bilkey & Tesar, 1979; Cavusgil & Naor, 1987; Wiedersheim-Paul, Olson & Welch, 1978). More recently, studies have concentrated mainly on the variables that improve the export performance of firms (Zou & Stan, 1998). Interestingly, policy makers focused their attention more on the problems of exporting firms and advocated for their greater involvement with foreign trade (Morgan & Katsikeas, 1997). Although empirical inquiry into the area of export performance is flourishing, the main research question as to what motivates firms to initiate their export activities still remains unanswered. In the US, for example, only 6% of manufactures and 5% of intermediary firms engage in exporting activities (US Department of Commerce, 1997). There still remains a clear research need to underlie the reasons behind the reluctance of firms to export.

The present paper offers an alternative research agenda to supplement previous research by exploring the possible impacts of organizational culture and ownership type on firms' export intention. Although the effects of organizational culture and ownership type on firms' strategic goals and orientation are well established, the framework in the context of export decisions has not been developed despite a possible link. This link may arise due to organizational processes and their effectiveness on achieving organizational goals (Baron, 1986; Frederiksen, 1982). This exploratory research attempts to determine whether the export intention of firms (as one of the organizational processes) can be explained by the nature of their organizational behavior measured by organizational culture and ownership structure. Such study makes two significant contributions; (1) at the firm level, organizations can identify the extent to which their organizational culture and the strategic orientation of owners is suitable for international expansion, and (2) at the policy level, public institutions can allocate their funding more effectively by determining the specific needs of non-exporting firms and support the most appropriate export promotion programs.

2. A brief literature overview

An examination of the export marketing literature reveals three major research streams that focus on the export intention of firms. One major research stream concentrates on the structural variables that are important in influencing export intention. Firm size, specifically, has been the most widely studied variable in the assessment of firms' propensity to export. However, empirical research on the impact of firm size on export propensity has presented mixed results (Bilkey, 1978). Many researchers agree that firm size is a critical factor in explaining the firm's propensity to export and that the relationship between the two is positive (Calof, 1994; Cavusgil & Nevin, 1981; Cavusgil & Naor, 1987; Christensen, Da Rocha & Gertner, 1987; Reid, 1982). Some researchers, on the contrary, have asserted that firm size has little or no effect on firms' export decisions (Bilkey & Tesar, 1977; Katsikeas & Piercy, 1993; Reuber & Fischer, 1997). Other significant factors that affect export intention include product-related firm advantages (Christensen et al., 1987; Cooper & Kleinschmidt, 1985), age of the firm (Ursic & Czinkota, 1984), technological advancement (Aaby & Slater, 1989), and resource commitment (Cavusgil, 1984; Donthu & Kim, 1993; Kirpalani & Macintosh, 1980).