SMEs Decision-Makers’ Culture Characteristics and Risk Perception Associated with Exporting: An exploratory study

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Abstract
This paper explores the influence of the Culture characteristics on the risk perceptions of decision-makers within small and medium sized (SME) businesses considering (or engaged in) exporting within the Saudi Arabia. Currently there is a paucity of research examining individual-level differences and the decision to export within manufacturing settings. Moreover, this is the first examination of the influence of SMEs decision-makers culture characteristics within the Saudi Arabian contexts. A total of twenty two interviews with Saudi SMEs managers/owners within manufacturing industries were completed. The results suggest that managers’ Culture characteristics (operationalised as Hofested ‘s Five Dimensional Model) influence their perceptions of risks associated with the exporting decision.

Keywords: Risk perception, Saudi Arabia, SMEs decision-makers, Culture characteristics, Exporting SMEs, Saudi SMEs, Small Businesses

1. Introduction
International trade is an important contributor to a nation’s economic growth and sustainability (Al-Aali, 1995; Asiedu & Lien, 2004). Currently, exporting represents one of the most common international trade activities and modes of entry into international markets. Although multinational-enterprises (MNEs) have tended to dominate global trading activities, over the past three decades, small and medium-sized enterprises (SMEs) have played an increasingly important role in global trade. Currently, SMEs contribute between 25 to 35 per cent of world manufacturing exports. However, to date, minimal research has examined the role that SME decision-makers play in the exporting process and how their culture characteristics influence the risk perception within the process. This omission represents a significant gap in the literature, and forms the basis for this study.

2. Literature Review
Growth in international trade has been a consistent feature of an increasingly global marketplace (Sarfaraz, 2002) A key aspect of international trade is exporting, which represents one of the most attractive foreign market entry modes, from both a country and a firm perspective (Katsikeas & Morgan, 1994). Carson et al. (1995) suggest that, over the past 20 years, SMEs have been identified by most Western governments as being significant economic contributors to job and wealth creation, and they are considered an important contributor to innovation and developing entrepreneurial cultures (Al-Aali, 1999; Chen, 2006; Neupent et al. 2006). Thus, exporting appears an important activity for SMEs at both an organisational and economic level (D’Souza & McDougall, 1989; Edmunds & Khoury, 1986). However, involvement in international trade requires knowledge of the process of exporting within specific cultural contexts. Due to a myriad of obstacles, forces, and uncertainties in international markets, many SMEs do not choose to serve host markets, often on account of the perceptions of risk held by the owner/managers of such firms (Leonidou, 2004). While, numerous studies have
identified many (often macro) obstacles and risks associated with international marketing (e.g. Leonidou, 2003; Leonidou, 1995a; Karakaya, 2002; Chen, 2006; Crick et al., 1998) the process of SMEs internationalisation (Westhead, Wright, & Ucbasaran, 2001) and, in particular, the factors influencing the decision to initiate, continue or discontinue exporting (Crick, 2004) has not been thoroughly explored.

In SMEs the owner/managers or senior management are responsible and authorised to make the decision to either participate or withdraw from exporting, or any other international activities (Gilmore et al., 2004). Hence, an SME’s degree of commitment and involvement in international activities are largely determined by individual managers. Therefore, the key variable in small business internationalisation is the decision-maker of the firm. In this context, SME decision-makers are those who have the authority to determine the nature and scope of international activities (Westhead, 1995). In support of this, previous research suggests that the decision to internationalise is an entrepreneurial act by a manager (Crick, 2004; Alrashidi, 2011), and the characteristics of decision-makers (managers) represent important antecedents to export growth (Leonidou, Katsikeas, & Piercy, 1998; Alrashidi, 2011).

Axinn (1988) suggests that when managers evaluate the external and internal environment, prior to adopting a chosen exporting strategy, the evaluation process is largely influenced by their perceptions of the characteristics of exporting. Moreover, Suarez-Ortega and Almo-Vera (2005) agree that the management’s attitudes and perceptions about exporting are the main determinants of the choice of exporting modes of entry. However, it is not clear how exporting SME decision-makers within manufacturing perceive these obstacles, and whether individual-level factors influence the exporting decision.

The international marketing literature shows that as levels of international competition increase, companies are facing increasingly complex strategic choices to remain competitive (Ahmed et al., 2002). Studies by Brouthers (1995), Sitkin and Weingart (1995) and Claver et al. (2008) are important at this juncture. These studies suggest that a firm’s choice of any entry mode strategy will vary in relation to the firm’s perceptions of risk associated with entry into foreign markets. However, the effect of individual-level risk perceptions on resultant exporting behaviour have not been explored, particularly in emerging economic contexts, such as Saudi Arabia.

2.1 Exporting Decision-Making - Cultural Characteristics

Managers’ culture influences their decisions, whether decisions are related to local or international activities. Since the focus of this study is on exporting, it aims to deepen our understanding of the influence of culture on managers’ behaviour and their decision to export. The individual’s culture is one of the most important foundations that determine the behaviour of both individuals and organisations. Additionally (as detailed in previous sections), each individual country maintains a unique set of characteristics that will affect decisions made within the firm, and within different contexts (Pagell, Katz & Sheu, 2005). Thus, understanding the influence of such factors on both companies’ and managers’ performance is very important. The current study, therefore, seeks to understand the influence of SMEs decision-makers’ national culture on their international activities performance, as well as their decision to export.
The importance of cultural values and principles in explaining the differences of firms’ performance has been reported in several studies (e.g. Hofstede, 1980; Geebet, 1993; Tse et al, 1988). However, it has been suggested that performance differences at the firm level are, to a degree, due to the different cultures defining desirable corporate performance in different ways. For instance, the business culture in Japan tends to focus on building market share over the long term, while United States (US) firms have been more focused on short-term profitability (Pagell et al., 2005). The current study will adopt Hofstede's national culture five-dimensional model, which has been widely used in different disciplines and many studies, including international marketing. According to Hofstede’s results, countries differ on their score in the five dimensions (i.e. power distance, individualism, uncertainty avoidance, masculinity and long-term orientation) which make them behave and manage their businesses differently and, thus, manage exporting differently. Furthermore, cultural influences may affect managers in emerging and advanced markets in different way.

2.1.1 Individualism and Collectivism

Individualists (such as from the US) will value cooperation only when it leads to the achievement of personal benefits that cannot be achieved by working alone (Wagner, 1995), while one of the core advantages of collectivism lies in creating stable long-term relationships, as reported in detail by many studies within the Japanese context (e.g. Gerlach, 1992). In addition, within collectivistic societies the norms of reciprocity are more common than in the individualistic society (Johnson, Cullen, Sakano & Takenouchi 1996). Moreover, collectivistic societies will tolerate the pitfalls of their partners with the focus of the review process being the long-term survival of the relationship (Kale, 1995). On the other hand, “cultures with high individualism are more prone to opt out of unsatisfactory relationships than low individualistic cultures, and one would expect more frequent dissolution of transnational strategic alliances among firms from high individualistic cultures compared with those from low individualistic cultures” (Kale 1995, p.447). Furthermore, Karunaratne, Johnston and Rao (1996) suggest that, when both sides of the international activity (importers and exporters) come from individualistic cultures, the chances for cultural adaptation of the respective buying and selling teams of importers and exporters are limited. In contrast, when both the importers and exporters come from different cultures this will provide more opportunities for cultural adaptation, which can range from full to part adaptation (Kohls & Buller 1994). Hence, individualism and collectivism, as cultural constructs, are interpreted to have both a negative and a positive influence in maintaining relationships.

2.1.2. Power Distance

Power distance, as a cultural variable, captures the acceptance of hierarchies of power in a society. Hofstede defined power distance in the following way: “Power distance can be defined as the extent to which less powerful members of organisations within a country accept the unequal distribution of power” (Hofstede, 1980, p. 390). Thus, people in high power distant societies follow the organisational hierarchy in a rigid manner, and expect centralised decision making. Therefore, they do not consider entering into the participative management style that mainly focuses on power sharing and consensus based decision-making (e.g. Wong, 1985; Tayeb, 1988; Newman & Nollen 1996). Thus, high power distance does not support either dialogue or dissent, with the
emphasis on harmony being incongruent with dissent or conflict (Gottlieb & Sanzgiri, 1996). One negative outcome of this context is that creativity and change are limited or non-existent (Overvold, 1987).

However, firms operating within a low power distance context will focus more on equity and fairness; their counterparts from high power distance cultures will resort to the use of coercion to influence their partners (Kale, 1995). Additionally, low power distance is also associated with decentralisation that gives everyone a say in the decision-making, with people believing in a participative management style (Nakata & Sivakumar, 1996). Lastly, low power distance will facilitate effective and fair interaction, whereas high power distance will encourage an environment of distrust and compulsion (Kale, 1995). Consequently, low power distance encourages relationship maintenance, which influences the decision-maker’s management style and, consequently, will be reflected in their exporting behaviour. Also, managers from low power distance countries will differ from their counterparts in how they manage international activities. Importantly, the current study will clarify the influence of such cultural influences on managers’ decision-making and behaviour in exporting and this is expected to differ across cultures and markets at different stages of development.

2.1.3 Masculinity and Femininity
Masculinity, as a cultural construct, measures “the value placed on material things, power, and assertive behaviour as opposed to the value placed on people, and nurturance” which is captured by femininity (Hofstede, 1980, p. 390). For example, Newman and Nollen (1996) argue that masculine cultures “value achievement and abhor failure, whereas feminine cultures value affiliation and view failure as much less important”. Countries with high masculinity (such as in Saudi Arabia) show assertiveness and aggressive patterns (Kale, 1995), which appears to result in more aggressive bargaining behaviour. Such behaviour has been found to negatively contribute to building cooperative relationships (Perdue & Summers, 1991).

Kale (1995) argues that firms coming from high masculinity countries will precipitate conflicts, while firms from low masculinity countries will prefer harmonious understanding. Moreover, he stated that “while the bottom line would be important for both masculine and feminine societies, firms in feminine societies will place greater emphasis on non-monetary factors like bonds of inter-personal friendship and the psychic aspects of relationship” (Hofstede, 1980, p. 448). This outcome arises from the relatively high value that masculine societies place on monetary achievements that are often threatened, due to the changed competitive scenario as a result of environmental changes. Thus, it can be said that managers from different economic level countries will be scoring differently on this dimension, and this will distinguish their behaviour regarding international activities and their management style overall.

2.1.4 Uncertainty Avoidance
Uncertainty avoidance, as a cultural construct, measures the extent to which people in certain societies try to avoid uncertain, and risky, situations by adopting strict codes of behaviour (Hofstede, 1980). Hofstede defined uncertainty avoidance as “the extent to which the members of a culture feel threatened by uncertain or unknown situations (p. 390).” Countries with low uncertainty avoidance participate more in risk taking activities (Nakata
& Sivakumar, 1996) and show greater dissident acceptance behaviour. In contrast, high uncertainty avoidance cultures tend to be skeptical of new ideas or behaviours because of their low tolerance for ambiguity and as a result, place more importance on rules as a means to avoid risk (Dawar, Parker & Price, 1996).

In addition, uncertainty avoidance is inversely related to the level of openness in a society (Dawar et al., 1996). An empirical study by Schneider and DeMeyer (1991), of managers from the high uncertainty avoidance culture of Latin Europe, found that the managers respond “forcefully and extremely” to environmental uncertainty and threat through major restructuring aimed at reducing uncertainty (Newman & Nollen, 1996). Kale (1995) argues that societies with high uncertainty avoidance will design elaborate control systems to account for losses and gains. On the other hand, societies with low uncertainty avoidance will show greater tolerance in accounting for rewards and losses, and will tend to attribute poor performance to environmental factors that are uncontrollable (Kale 1995, p.446). Thus, low levels of uncertainty avoidance lead to more successful and active exporters due to the managers’ risk taking and proactive behaviour.

2.1.5 Long Term versus Short Term Orientation

In 1987, the “Chinese Culture Connection,” comprising Bond (and colleagues), extended Hofstede’s work to include a new dimension labeled Confucian work dynamism, now more commonly called long-term orientation versus short-term orientation to life. This dimension includes such values as thrift, persistence, having a sense of shame, and ordering relationships. Confucian work dynamism refers to individuals that were dedicated, motivated, responsible, and educated and possess a sense of commitment and organisational identity and loyalty. For example, countries high in Confucian work dynamism are Hong Kong, Taiwan, Japan, South Korea, and Singapore.

Long-term orientation encourages thrift, savings, perseverance toward results, and a willingness to subordinate oneself for a purpose. Short-term orientation is consistent with spending to keep up with social pressure, less savings, preference for quick results, and a concern with face (Jandt, 2010). Moreover, countries characterised by a long term orientation culture focus more on success in the long run, such as by continuously trying, even when they fail. In addition, they value traditions and social obligations, which are diametrically opposed to short term orientation cultures. Hence, business people from along term orientation culture value profit over ten years much higher than quick profits, which is what is preferred in a short term orientation culture. Managers from long term orientation cultures focus more on creating ongoing long term relationships, and this makes them slower to sign a contract or trust a new partnership.

From the above discussions it is clear that cultural difference is a very important factor in predicting how individuals will behave. Additionally, it can be assumed that these differences will influence the ways in which individuals make decisions, and managers, from different countries, will behave and manage their firms. Such differences will tend to be based on their cultural background, with each society having a unique set of characteristics. To date, little is known about how these cultural differences influence SMEs decision-makers' decisions to export within emerging markets (e.g. Saudi Arabia).
Cultural characteristics (i.e. power distance, individualism, masculinity, uncertainty avoidance, long-term orientation) will influence the decision to export and these influences will differ across exporters operating within advanced versus emerging markets.

2.2 Exporting Decision Making - Risk Perception

As levels of international competition increase, companies are facing increasingly complex strategic decision-making (Ahmed et al., 2002). In fact, it has been confirmed that a firm’s choice of any entry mode strategy varies relative to the firms perceptions of risk associated with foreign markets (Brouthers, 1995). In support of this, Sitkin and Weingart (1995) argue that perceived risk has a direct and strong affect on an individuals’ (manager’s) behaviour. Claver, Rienda and Quer (2008) also postulate that both the behaviour of firms, and their strategy relating to managerial level decisions, are influenced by the manager’s perception of the risk entailed in performing any activity (especially exporting). Moreover, Sitkin and Weingart (1995) found that, in the context of exporting, perceived risk is negatively associated with exporting commitment, and with a higher perceived risk by a firm’s decision-makers resulting in a lower commitment of the firm to exporting.

Thus, the key to understanding exporting decisions is through understanding the decisions made by individuals operating within the organisation. For example, decision-making within organisations is significantly affected by the level of risk perceived by the decision-makers of the firm (Sitkin & Weingart, 1995) with export decisions, in particular, being closely related to the preferences of the decision-makers’ (e.g. Cavusgil and Nevin, 1981). Specifically, international risk perceptions have been found to have a significant impact on the choice of entry mode employed by firms when entering into foreign markets (Ahmed et al., 2002).

On this basis, an individual’s assessment of risk will influence a firm’s strategy, with risk minimization often being a major consideration in both domestic and international business (Mitchell, 1999; Noy & Ellis, 2003). Thus, academicians have proposed a number of theoretical and empirical models to deepen our knowledge and understanding of the effect of perceived risk on buying and selling practices in international and local markets (Dowling & Staelin, 1994). In particular, Miller (1992) developed an integrated risk management international business framework, to identify and appraise existing uncertainties. According to this framework, firms adjust their international business strategies based on management perceptions of, and exposure to, international risk. More specifically, Miller (1992) categorised risk as being inherent within: (1) the general environment; (2) the industry; and (3) the firm. While these categories exemplify the risk associated with exporting, it is the way in which the individual within the organisation perceives these risks that is important in affecting the exporting decision. Thus, the focus of the current study is how risk perception associated with exporting influenced by SMEs decision-makers culture characteristics.

3. Objective of the Study:

1. How the SMEs decision-makers risk perceptions influence the firm exporting commitment
2. How the SMEs decision-makers culture characteristics influence the perceived risk associated with exporting.
4. Method

The data were collected via 22 unstructured interviews, with Saudi SME managers within manufacturing, encouraging a ‘series of successive approximations’ (Dick, 1990, p.3). The interviewees were selected from a range of industries, geographical regions, and age groups to ensure some heterogeneity in the sample and to maximise the analytic generalisability. The interviewees were all males, between the age of 26 and 55; both characteristics appear to be consistent with the general characteristics of the SME population in the manufacturing sector in Saudi Arabia.

The interview sessions were conducted via the telephone, and the participants were asked open-ended questions regarding their exporting experience, management styles and risk perceptions (associated with exporting). All interviews were audio-taped (with the participants consent) to ensure accuracy in transcription and data analysis. Following each interview the researcher listened to the recordings and transcribed the interviews verbatim. Summary notes of the participants’ characteristics, enthusiasm, and overall tone and mood during the interview were also recorded. The researcher analysed each transcription prior to any subsequent interviews. This method facilitated the capture of salient themes that were measured with each subsequent interviewee, to identify whether they converged or diverged with the original themes (Dick, 1990). Consequently, the follow-up questions narrowed the focus as different themes and perceptual frameworks were seen to emerge. The interviews were conducted until all patterns of convergence were felt to be satisfied and any major diversions were explained.

5. Findings and Discussion

The findings have enhanced and expanded our understanding of how SME managers accommodated their perceived risks associated with exporting, and the characteristics that influenced their risk perceptions associated with their decision to export. Overall, the results revealed that the culture characteristics of SMEs managers have a direct impact on their ability to attain and sustain exporting activities. In addition, the results suggest that both the individual’s culture characteristics and the SMEs managers’ vision (together with their tendency for risk-taking) impact on their decision to expand internationally, as well as on pace of their involvement in exporting. Indeed, the SME managers' culture characteristics has a significant influence on how they perceive and deal with the risks associated with exporting.

During the course of the interviews it became apparent that managers differ in how they judge and evaluate risks, and that this judgement was related to personality traits. Overall, managers considered to be risk takers usually make decisions in a very ad hoc fashion, no matter the degree of the risks they perceive, or in which they are involved. In contrast, risk-averse managers are very aware of the existing risks in any decision they make. As a result, they need more time to execute the decision, or, and depending on the risks they perceived, they may call off the deal. Importantly, the results show that risk-taking, and open-to-new experience, managers act innovatively and manage their companies entrepreneurially. Furthermore, open-minded managers are more likely to adopt new ideas for running their business, and are more likely to survive and adapt within a rapidly
changing business environment. Indeed, it appears that it is these traits that have turned them into successful exporters.

SMEs decision-makers behaviour was influenced by their national culture; that can be seen by the influence of their home-country cultural characteristics (e.g. uncertainty avoidance, masculinity, long-term orientation, individualism and power distance) on their exporting behaviour. The assessment of the decision-makers’ individual characteristics, especially culturally-specific aspects were found to be the cornerstone of this analysis. The importance of such characteristics or traits is linked to the different ways that managers deal with exporting decisions and their way of managing. The results show that managers’ characteristics often reflect their home-country cultures, and confirm the findings of several studies (e.g. Andersson & Floren, 2008) that linked the managers’ ways of management and behaviours to their cultures.

From the outset, the majority of participants agreed that exporting was an extremely important activity, especially for Australian companies. This was especially so, since the local market is relatively small, and exporting gives them access to a larger number of markets. All agreed that the firms’ attitudes and behaviour towards exporting was influenced, to a large degree, by the SMEs managers' perceptions and attitudes.

On this basis, most participants agreed that SMEs managers' cultural characteristics had a great influence on their risk perceptions. Indeed, the results reveal that the individual characteristics have a direct impact on the manager’s ability to attain and sustain exporting activities. Further, the results show that the behaviour and vision of the SMEs managers, along with their inclination towards risk-taking, impacted upon their decision to expand internationally, and on the pace of involvement in such activities. All participants viewed the SMEs managers' characteristics (derived from their local culture) as a significant influence on how the managers’ perceive and manage the risks associated with exporting. Specifically, the results from the interviews identified that risk-taking (low uncertainty avoidance) managers tended to make decisions very quickly, no matter the degree of risk involved, whereas risk-averse (high uncertainty avoidance) managers were well aware of the risks associated with any decision, and so took longer to investigate the market and the risks before finalising their decision to export or not to export.

Additionally, one of the main factors that motivate and influence the manager’s risk perception is how they view exporting, which influences (either in a positive or negative fashion) their perceptions of the risks associated with exporting. A majority of participants agreed that they chose exporting due to perceived benefits that accrue to their companies’ overall revenues from such activities.

Overall, the participants presented a range of views about how they were involved in exporting and why they chose to export, either in reaction to overseas orders or by seeking new opportunities (i.e. proactive). These views, summarised below, relate to the benefit of exporting, the firm’s reputation, the increasing competition in the local markets, exporting to reduce the risk of declining sales in the local markets, and reasons pertaining to business growth. The participants’ responses identified how the decision to export related, in the main, to SMEs decision-makers’ perceptions. Due to the nature of exporting, risky decisions tended to be reliant on the
managers’ judgment and evaluation, which are connected to their characteristics, in the first place. For example, some of the participants recognised the cliché that most of the success of a firm depended on the managers’ passion and vision to be (or not to be) involved in new activities, even if there were perceived risks involved in a future course of action.

Furthermore, this highlighted that the SMEs managers' cultural characteristics influenced their methods of managing risk. In turn, such characteristics influence the degree to which they were willing to grow and expand their business, to take risks, to be open to new experiences, and their levels of internal motivation. As a consequence, their decision-making appeared to be influenced by all of these factors. Hence, a manager who adopts risk-taking attitudes more capable of making decisions and taking actions very quickly (including making the decision to export after seeing or identifying an opportunity to export) rather than focusing on the risks associated with the market. However, other managers appear to be risk-averse. These managers are particularly careful prior to becoming involved in activities with associated risks. These risks can present a significant barrier that often prevents them from speedy actions, which is an accepted part of exporting. Such attitudes were confirmed by a minority of participants.

In support of this approach, some participants reported that they conducted their business affairs after carefully assessing the situation, and taking precautions in relation to their exporting activities, such as: first obtaining letters of credit from the importer; never executing a deal without being paid in advance; and, contacting a local middle man to handle the shipments, rather than dealing directly with the importers. These precautions assisted in keeping the activities on track and in avoiding the risks associated with exporting. Thus, all participants reported taking control of every transaction related to exporting within their firm to maximise the potential for success. However, some participants considered exporting to be a strategic action, full of opportunities, with very few risks.

The results suggest that managers were not a homogenous group, being identified and classified as mainly conservatives (traditional) and entrepreneurs (risk-takers); such distinctions tended to suggest that SMEs managers differ in how they perceive and manage risks. A total of eight participants believed that entrepreneurs differ more than conservative managers in their assessment of the level of risk related to foreign market entry, which is reflected in their perceiving the situation more optimistically.

Moreover, the majority of participants agreed that managers, who acted entrepreneurially, perceived uncertainty as an opportunity as they believe that the risk was associated with greater financial returns; thus, where there is a high risk, there will be a high return. However, other participants, who considered themselves as conservative in nature, claimed that risk should be avoided, or addressed in the companies' risk assessment procedures.

Moreover, most participants agreed that the manager’s characteristics, especially culturally-embedded ones, especially in the context of SMEs with correspondingly small numbers of employees, play an important role in the manager’s risk perceptions. In support of this view, the participants agreed that risk-taking managers differed
from their risk-averse counterparts in how they conduct risk assessments. Further, there was consensus amongst the participants that based on their risk propensity, managers differ in how they deploy a risk assessment to reduce, accept or mitigate the risk associated with exporting. The results revealed that risk-taking managers were more able to accept the risk, moving towards the profits that could be generated from such opportunities; whereas risk-averse managers focused predominantly on mitigating and reducing the risk, with a very low percentage of managers accepting an existing risk.

Furthermore, the majority of participants suggested that a manager's characteristics (e.g. uncertainty avoidance and long-term orientation) constitutes the major driver for the company’s strategic decisions, especially when managers are open to new experiences and accept new challenges. Additionally, these managers often have a better chance of surviving and directing his/her company in changing environments and under dynamic and uncertain conditions. In contrast, conservative managers are more often risk-averse, and so rarely enter into risky contracts. Instead, they tend to avoid any chance of loss. However, some participants, who considered themselves conservative managers, claimed that managers need to be cognisant of the benefits of caution when assessing exporting opportunities. As a result, they need to investigate every aspect of exporting. Such an approach (the main task of the managers) will enable them to circumvent possible failures, even though the approach may slow down the process. Nevertheless, conservative managers viewed this as the best method of avoiding risks. However, the interviews revealed that both risk-takers and risk-averse managers prefer quick profits rather than profits that can be generated from long-term contracts, highlighting (potential) barriers to sustainable exporting practice.

Furthermore, most participants agreed that the manager's cultural characteristics are one of the most important factors influencing their management style. Indeed, they identified that risk-taking and being 'open to new experiences' enabled managers to act more innovatively and manage their companies entrepreneurially. Moreover, these participants claimed that open-minded managers were more likely to adapt to new ideas and ways of running their business and, hence, were more likely to survive and adapt within the rapidly changing international business environments. Importantly, this ability was perceived as an important pre-cursor to successful exporting involvement.

Overall, the results, in relation to the influence of a manager’s cultural characteristics, such as masculinity and uncertainty avoidance on an individual's management style, suggest that a manager's qualities and ambitions often shape the company’s main strategies, as well as the operational management of their firms.

Importantly, some of the participants asserted that conservative managers, who tended to be risk-averse, were more likely to be authoritarian and dictatorial in nature, especially how they used their power to direct companies to international operations.

Indeed, a strong majority of participants suggest that open-minded managers were more able to adopt innovative and entrepreneurial management styles, and more willing to make decisions with high risks so as to maximise
market share and financial returns. However, the results show that both groups (risk-takers and risk-averse managers), no matter if they share or dictate power with their staff, are more likely to make the export-related decisions individually.

Overall, the results suggest that the majority of interviewees are risk-takers who consider exporting as a viable strategic opportunity, to ensure their company’s survival over the long run. For those firms to survive the changing and dynamic international markets, they were required to have managers that adapted both entrepreneurial and participative management styles to empower, and share power with, their staff and investigate and capitalise on new opportunities. They also needed to maintain relationships with importers to ensure the steady and fixed flow of their products overseas. Also, these managers tended to value the team work spirit and follow consensus-based approach to information management and operations. In contrast, a small majority of risk-averse participants considered exporting as a valid opportunity arising when they received overseas orders; however, they would not often seek out overseas customers. Instead, such managers would manage their companies in a traditional way; they were conservatives, to some degree, in which they focused controlling everything within the company. They tended to centralise the decisions within their hands and dictate through their use of overt power.

Generally, the results suggest that most participants are risk-takers who apportion little weight to uncertainty. Also, the findings reveal that all participants would rather accomplish their goals and pursue their dreams related to growing their businesses. Furthermore, they all sought achievement, and were confident in what they are doing. Further, they considered themselves to be decisive managers, which is a classic sign of masculinity. The results also highlight that most participants consider exporting a strategic decision linked to the long term position of the firm within local and foreign markets. However, they still seek short-term financial returns, which places them in-between a long and short-term orientation. Additionally, the findings provide evidence of a low power distance between the managers and their subordinates. In addition, managers share and dictate power with their staff, even though the final export decision is made (in its’ entirety) by the SMEs decision-makers. Thus, cultural characteristics influence the manager’s risk perceptions and resultant export-related decisions, and it is they who are responsible for controlling and managing the firm’s direction.

The interview data provides evidence that the cultural characteristics of SME decision-makers have a significant influence on export-related decisions and how manager’s deal with risks associated with exporting. Therefore, proposition ten is strongly supported by this research. The section of the proposition that relates to how these characteristics differ across advanced versus emerging markets is yet to be discussed in detail (see Chapter Seven). Next, an analysis of the research propositions related to the SMEs decision-makers’ individual characteristics are discussed.

6. Conclusion

SME decision-makers’ cultural characteristics were expected to impart a significant influence on their perceptions of risk associated with exporting. The findings show that differences in managers’ cultural
characteristics do have a significant influence on the SMEs decision-makers’ risk perceptions associated with exporting. These results are broadly consistent with those from earlier studies examining the influence of individual characteristics on the SMEs overall performance and behaviour in international markets, as well as the risk associated with such activities (e.g. Holland, 1985; Bolton, 1985; Alstete, 2002; Weaven, Grace, & Manning, 2009; Pagell, Katz & Sheu, 2005). Indeed, individual qualities and characteristics were found to have a profound impact on the managers’ decision-making, in a wide range of domains.

The current research, therefore, has extended our knowledge regarding differences in cultural characteristics that encourage decision-makers to adopt more positive stances regarding exporting. Congruent with earlier studies, the present findings confirm that managers choose and shape their environment according to their preferences; and these preferences are derived from personal traits and individual characteristics (e.g. Holland, 1985; Bolton, 1985). In addition, as most business decisions in the small and medium firms are taken by the owners, the personal abilities and motivations of the owners strongly impact upon their decision to grow the business or simply maintain current firm size and operational activities (Walker & Brown, 2004).

As highlighted in the current study, an SME manager’s characteristics have a significant influence on how they perceive and manage the risks associated with exporting. Further, how managers judge and evaluate these risks are directly related to their characteristics, especially their cultural characteristics, as well as their individual disposition which impacts on perceived risks and decision-making. The overall results confirm that managers, who are considered risk-takers (low uncertainty avoidance), usually make decisions in a very ad hoc fashion, no matter the degree of the potential risk. In contrast, managers, who are risk-averse (high uncertainty avoidance), remain aware of the potential risks that exist in any decision. Hence, they require time to calculate and investigate the market, and the associated risks, prior to finalising their decision to export.

The study successfully explored the Saudi Arabian culture through the lens of Hofstede’s 5-D Model, but within the new context of SMEs decision-makers. Also, the results provide new information on how these cultural characteristics of SMEs decision-makers drive and influence risk perceptions and behaviour associated with exporting.

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