HOW DO EXPORTERS AND NON-EXPORTERS VIEW THEIR "COUNTRY OF ORIGIN" IMAGE ABROAD?

BERRIN DOSOGLU-GUNER, Rowan University

This exploratory paper examines the perceptual differences between U.S. exporters and non-exporters in their country's image abroad. The study attempts to determine these differences by concentrating on answering two questions; 1) how firms see themselves in terms of their country's image abroad, and 2) how firms feel foreign customers see them. The results indicate that exporters view their home country image more positively than non-exporters. The paper discusses some important implications and provides directions for future research.

INTRODUCTION

Since the late 1960s, a rich body of literature has been developed to identify the behavioral dimensions of the export decision of firms (Aaby and Slater, 1989). Some of these behavioral studies attempted to capture the major differences between exporting and non-exporting firms with respect to managerial attitudes, and perceptions, (e.g., Cavusgil, Bilkey and Tesar, 1979; Cavusgil and Naor, 1987; Czinkota and Johnston, 1983; Dichtl, Koeglmayr, and Mueller, 1990; Holzmuller and Kasper, 1990; Tesar and Moini, 1998; Wiedersheim-Paul, Olson and Welch, 1978) and organizational culture (Dosoglu-Guner, 1999). Indeed, these studies document that exporters and non-exporters differ significantly in their individual (i.e., managerial) and organizational behavior, and their attitude toward international business.

The present paper introduces an additional behavioral dimension by examining the perceptual differences between exporters and non-exporters in terms of their "country of origin image abroad". Though the literature on the effects of country of origin cues on consumer behavior is extensive, no studies have attempted to study how firms view their country's image abroad. Drawn from the consumer behavior literature, the construct represents an image possessed by firms similar to "actual self image" or "perceived self-image" (how firms see themselves) and "social self-image (how firms feel foreign customers see them) (Schiffman and Kanuk, 1997). In that regard, the view on country of origin image abroad is "the positive or negative perception of the managers of firms on their home country's image abroad". Understanding of this perceptual difference has two major implications: 1) at the firm level, such perception may have a halo effect on the managerial assessment of risk that is associated with export activities and hence, may contribute to negative or positive evaluation of such activities, and 2) at the policy level, public institutions can allocate their funding more effectively by carefully segmenting firms and supporting the most appropriate export promotion programs.

The Marketing Management Journal
Volume 10, Issue 2, pages 21-27
Copyright © 2000, The Marketing Management Association
All rights of reproduction in any form reserved.

PERCEPTIONS ON HOME COUNTRY IMAGE ABROAD

It is widely accepted that consumers across countries seek alternative products based not only on their attributes and price, but also on their origin. The country of origin cue has been found to be a significant element providing consumers with a surrogate indication of the quality of a product (Bilkey and Nes, 1982; Kaynak and Cavusgil, 1983; Narayana, 1981). The importance of perceived country image is of special importance when a firm attempts to market its products internationally. It might facilitate or inhibit the success in international markets since the "made in" label creates a halo effect when consumers assess a product's attributes and quality (e.g., Johansson, 1989; Kaynak, et al., 1997; Kochunny et al., 1993). The current country of origin literature examines the cues that are available to consumers in foreign markets when they evaluate a product (Papadopoulos, 1993). These cues might originate from general country attitudes (Parameswaran and Yaprak, 1987), product categories (Bannister and Saunders, 1978; Bilkey and Nes, 1982; Kaynak and Cavusgil, 1983; Nagashima, 1970 and 1977), product types (Bilkey and Nes, 1982), brand names (Parameswaran and Yaprak, 1987), and company name (Papadopoulos, 1993).

Research on the country of origin effects has demonstrated that understanding product and country images in foreign markets can help firms to assess their competitiveness in terms of the strategic position of their products and industries (Baughn and Yaprak, 1993; Papadopoulos, 1993). When firms acknowledge the fact that their established country image is favorable in foreign markets, they can gain confidence in initiating their export ventures. This image pertains not only to the country per se but also to price leadership, responsiveness, service, durability, innovativeness, and product assortment. A logical extension of this argument is the question of whether this perception varies from exporters to non-exporters. It may be that favorable or unfavorable evaluation of home country image could be the driving or blocking factor in firms' decisions to go international. In the following paragraphs, we will determine if, in fact, there are perceptual differences between exporters and non-exporters when they evaluate their home country's image.

METHODOLOGY

Operationalization of the Country of Origin Image Abroad

This construct is the reverse measure of the country of origin effects. It attempts to assess the perceptions of U.S. exporters and non-exporters on their country's image abroad. Drawing on the current country of origin literature, seven seven-point Likert statements were developed (1=Strongly Disagree, 7=Strongly Agree). These items measured managerial perception of their country's image in terms of value, design, quality, service, and reliability. These dimensions reflect a full magnitude of statements that have been widely used in the literature (e.g., Nagashima, 1970 and 1977). Previous research showed that this measure of the construct is highly valid and reliable (Dosoglu-Guner, 1997).

Sample Design and Data Collection

The sampling frame of this study was U.S. firms operating in the manufacturing sector. The manufacturing sector was selected due to its impact on nations' economic welfare (i.e., employment, GNP growth, etc.).

In order to give a sufficient representation to industries with different numbers of establishment, a stratified random sampling procedure was employed within three-digit SIC codes. First, the number of total firms in each three-digit SIC code was determined from the *Census of Manufacturers* and then the total number of firms from each stratum was calculated. A total of 1200 firms was chosen to be in the sample for data collection.

The primary data were collected with a mail survey. The survey questionnaire was pre-tested through interviews with local managers. After a rigorous refinement, a copy of the questionnaire and a self-addressed pre-paid return envelope along with a cover letter were mailed to firms' top decision makers (i.e., owner, general manager, export manager or president/CEO). A summary of the research results and a free consultation was offered as an incentive to increase the response rate. Due to financial constraints, data were collected with single mailing followed by a reminder card. These efforts yielded 174 usable questionnaires returned representing a response rate of 14.5 percent. Of the 174 firms responded, 85 were exporting firms and 89 were non-exporting firms. Table 1 exhibits the characteristics of the key informants.

Table 1
Demographic Profile of the Key Informants (N=174)

Characteristics	Total	Percentage
Gender		
Male:	159	91.3
Female:	15	8.7
Age		
18-25	2	1
26-34	20	11.4
35-45	47	27
46-55	55	31.6
56 and over	50	28.7
Education		
High School	29	16.6
College	99	56.8
Master's Degree	42	24.1
Ph.D.	3	1.7
Other	1	.5
Job Title		
President/CEO	80	46
General Manager	24	13.7
Owner	10	5.7
Plant Manager	15	8.6
Vice President	18	10.3
Marketing Manager	2	1.1
Other	25	14.3

The Wilcoxon Distribution Free Rank Sum Test (Howell, 1992) was used to test for the non-response bias. The two digit SIC codes, number of employees, and annual sales level of the respondents were compared to those of the non-respondents (Armstrong and Overton, 1977). Results yielded no significant differences between the respondents and non-respondents (p=0.1282, p=0.8218, and p=0.9931 for employment, sales and SIC codes respectively). Table 2 presents the demographic profile of the respondent firms.

Table 2
Sample Description: Frequencies of Demographic Characteristics of the Respondent Firms (N=174)

Items	Descriptions	N	%
Number of Employees	0= less than 25	60	34.4
	1= 25-99	59	33.9
	2= 100-249	24	13.7
	3= 250-499	12	6.8
	4= 500-999	7	4
	5= 1000 or more	12	6.8
Annual Sales Volume	0= less than $1 million	25	14.3
	1= $1,000,000-9,999,999	85	48.8
	2=$10,000,000-24,999,999	32	18.3
	3=$25,000,000-49,999,999	11	6.3
	4=$50,000,000-99,000,000 or more	11	6.3
	5= $100,000,000 or more	10	5.7
SIC Code 20	0= Food & Kindred Products	5	2.8
21	1= Tobacco Products	0	0
22	2= Textile Mills Products	0	0
23	3= Apparel & Related Products	7	4
24	4= Lumber Products	13	7.5
25	5= Furniture and Fixtures	4	2.2
26	6= Paper and Allied Products	5	2.8
27	7= Printing and Publishing	20	11.5
28	8= Chemical & Allied Products	12	6.9
29	9= Petrol Refining	1	0.5
30	10= Rubber and Plastics	8	4.6
31	11= Leather and leather products	2	1.2
32	12= Stone/clay/glass	8	4.6
33	13= Primary Metal Products	3	1.8
34	14= Fabricated Metal	19	1.9
35	15= Industrial Machinery & Computers	28	19.1
36	16= Electronics	4	2.2
37	17= Transportation Equipment	8	4.6
38	18= Machinery and Engineering	4	2.2
39	19= Other	3	1.8
Missing		20	11.5

Data Analysis and Results

Data collected from firms concern mainly the two dimensions of the country of origin image abroad:

1) How do exporters and non-exporters perceive their country's image abroad?
2) How do exporters and non-exporters perceive as to how foreign customers view their country?

The perceptual differences between non-exporters and exporters were assessed with a Univariate t-test. The analysis presents some interesting results that are reported in Table 3. When comparing the two groups of firms, it can be seen that four out of seven items are significantly different from each other at the 0.01 level and one item at the 0.05 level. Largest differences between the two groups were detected by the statements: "Foreign customers view our industry as a producer of the product of the greatest quality in the world", "Foreign customers view our industry as a producer of the product of the greatest value in the world when one considers service", "Our country has a great image abroad", and "Foreign customers view our industry as a producer of the product of the greatest value in the world". More specifically, with regard to the "actual self image" concept, exporters perceive more positively than non-exporters that their country has a great image abroad ($t=2.35$ and $p=0.019$). In terms of the "social self-image" concept, again exporters perceive more positively than non-exporters that foreign customers view their country favorably on value ($t=2.85$ and $p=0.004$), service ($t=3.17$ and $p=0.0018$), design ($t=2.18$ and $p=0.033$), and quality ($t=3.14$ and $p=0.000$).

In addition, the data indicate that exporters and non-exporters are not different in their perceptions regarding the reliability of their products ($t=1.26$ and $p=0.20$ and $t=1.89$ and $p=0.06$).

DISCUSSION

There is substantial evidence to suggest that exporting firms and non-exporting firms differ significantly in managerial attitudes and perceptions. Drawing on the consumer behavior literature, this study enhances the export literature that focuses on the behavioral dimensions in differentiating exporters from non-exporters.

The research findings lead to several conclusions. First, it is clear that exporters view their country's image abroad more favorably. These perceptions may reflect the fact that exporting firms have more realistic views of their country's image due to their first hand experience with international marketing. In addition, such attitudes or perceptions may appear to reflect optimism about competitiveness that arises as a result of good image. This factor may have played a role in the internationalization of these firms. When overseas perceived images are favorable for a given industry sector, firms competing in such industries can proliferate their market presence based on their industry's traditional reputation. Favorable country of origin effects can also contribute to positive perceptions of managers toward international business as managers feel security and confidence. It may be the manager's or decision maker's "belief" about his/her country's positive image that motivates him/her to export.

Second, due to a lack of real experience in international business, non-exporting firms' pessimism may result from media reports of a deteriorating image of the United States. If this holds true, government and quasi-government institutions need to increase non-exporters' knowledge in "country of origin" factor based on industry information and help them become more confident in their home country image and competitiveness in foreign operations. Such industry and country based information is available in the literature (i.e., Kaynak, et al., 1997; Papadopulos, 1993).

This paper is exploratory in nature and it should serve as a new perspective from which to explore further research avenues. First, it seems worthwhile to pursue a research agenda to determine whether a positive view of home country image is a key factor that drives firms to international markets. Further, future research may look into a possible relationship between the export intention of firms and managerial perceptions on their country's image to determine if such perceptions create a halo effect.

Second, future studies must be based on differentiation of exporting and non-exporting firms by product and industry categories since results may vary from industry to industry and from product to product. Similarly, positive perceptions may be prevalent in organizations that have exportable products. Therefore, it would be useful to study managerial perceptions across industries and product categories.

Third, the classification of exporters and non-exporters is rather rigid in that it ignores the differences in the group. Exporters may further be categorized as "sporadic exporters" and "continuous exporters" while non-exporters can be grouped as

Table 3
Perceptions of U.S. Exporters and Non-exporters on Their Country of Origin Image Abroad

Country of Origin Variables	Mean Exporters	Values* Non-exporters	Mean Differences	t-value	p-value
Foreign customers view our industry as a producer of the product of the greatest value in the world when one considers reliability	4.52	4.29	0.23	1.26	.20
Foreign customers view our industry as a producer of the product of the greatest value in the world	4.30	3.76	0.54	2.85	.004
Our country has a great image abroad	4.54	4.04	0.50	2.35	.019
Foreign customers view our industry as a producer of the product of the greatest value in the world when one considers service	4.32	3.72	0.60	3.17	.0018
The products manufactured in our industry have the highest reliability in the world	4.53	4.16	0.37	1.89	.06
Foreign customers view our industry as a producer of the product of the greatest value in the world when one considers design	4.64	4.19	0.45	2.18	.033
Foreign customers view our industry as a producer of the product of the greatest quality in the world	4.52	3.86	0.66	3.41	.000

[a] Mean values are measured on a seven point Likert scale with 1=strongly disagree, 7=strongly agree

"interested" and "uninterested" firms. Future research is needed to determine these within group differences.

Finally, the level of ethnocentrism may play a role in how managers see their country. The study of managerial perceptions in light of the ethnocentric argument is suggested for future research.

REFERENCES

Aaby, N.E. and F. S. Stanley (1989), "Managerial Influences on Export Performance: A Review of the Empirical Literature 1978-88," *International Marketing Review*, 6(4), 7-26.

Adler, N. (1997), *International Dimensions of Organizational Behavior*, Cincinnati: South-Western Publishing Company.

Armstrong, S. and T. Overton (1977), "Estimating Nonresponse Bias in Mail Surveys," *Journal of Marketing Research*, 14(August), 396-402.

Bannister, J. P. and J. A. Saunders (1978), "UK Consumers' Attitudes Towards Imports: The Measurement of National Stereotype Image," *European Journal of Marketing*, 12(8), 562-571.

Baron, R. (1986), *Behavior in Organizations: Understanding and Managing the Human Side of Work*, Boston: Allyn and Bacon, Inc..

Baughn, C. and A. Yaprak (1993), "Mapping Country-of-Origin Research: Recent Developments and Emerging Avenues," in *Product-Country Images: Impact and Role in International Marketing*, New York: International Business Press, 89-116.

Bilkey, W. J. and G. Tesar (1977), "The Export Behavior of Smaller Sized Wisconsin Manufacturing Firms," *Journal of International Business Studies*, 8, 93-99.

______ (1978), "An Attempted Integration of the Literature on the Export Behavior of Firms," *Journal of International Business Studies*, Spring/Summer, 33-46.

______ and E. Nes (1982), "Country of Origin Effects on Product Evaluations," *Journal of International Business Studies*, 13 (Spring-Summer), 89-99.

Calof, J. (1994), "The Relationship Between Firm Size and Export Behavior Revisited," *Journal of International Business Studies*, 25(2), 367-387.

Cavusgil, T., W. Bilkey, and G. Tesar (1979), "A Note on the Export Behavior of Firms: Exporter Profiles," *Journal of International Business Studies,* 10 (Spring-Summer), 91-97.

______ and J. Nevin (1981), "Internal Determinants of Export Marketing Behavior: An Empirical Investigation," *Journal of Marketing Research*, 18(February), 114-119.

______ (1984), "Organizational Characteristics Associated with Export Activity," *Journal of Management Studies*, 21(1), 3-21.

______ and J. Naor (1987), "Firm and Management Characteristics as Discriminators of Export Marketing Activity," *Journal of Business Research*, 15, 221-235.

Census of Manufacturers (1991), Subject Series, Washington, D.C.: U.S. Government Printing Office.

Christensen, C., A. Da Rocha, and R. Gertner (1987), "An Empirical Investigation of the Factors Influencing Exporting Success of Brazilian Firms," *Journal of International Business Studies*, Fall, 61-77.

Cooper, R. and E. Kleinschmidt (1985), "The Impact of Export Strategy on Export Sales Performance," *Journal of International Business Studies*, Spring, 37-55.

Czinkota, M. and W. Johnston (1983), "Exporting: Does Sales Volume Make a Difference," *Journal of International Business Studies*, Spring/Summer, 147-153.

______ and Ronkainen. (1998), *International Marketing*, Forth Worth: The Dryden Press.

Dichtl, E., H. Koeglmayr, and S. Mueller, (1990), "International Orientation as a Precondition for Export Success," *Journal of International Business Studies*, 21(1), 23-40.

Donthu, N. and S. Kim, (1993), "Implications of Firm Controllable Factors on Export Growth," *Journal of Global Marketing,* 7(1), 47-63.

Dosoglu-Guner, B. (1997), *An Empirical Analysis of the Export Propensity of Firms: A Holistic Approach,* Unpublished Ph.D. Dissertation: Drexel University.

_____ (1999), "An Exploratory Study of the Export Intention of Firms: The Relevance of Organizational Culture," *Journal of Global Marketing,* 12(4), 45-63.

Holzmuller, H. and H. Kasper (1990), "The Decision-Maker and Export Activity: A Cross-National Comparison of the Foreign Orientation of Austrian Managers," *Management International Review,* 30, 217-230.

Howell, D. (1992), *Statistical Methods for Psychology*, Boston, MA: PWS-Kent Publishing Company.

Johanson, J. and J.E.Vahlne (1977), "The Internationalization Process of the Firm--A Model of Knowledge Development and Increasing Foreign Market Commitments," *Journal of International Business Studies*, 8(Spring-Summer), 23-32.

_____ (1989), "Determinants and Effects of the Use of Made In Labels," *International Marketing Review*, 6(1), 47-60.

Katsikeas, C. S. and N. Piercy (1993), "Long-Term Export Stimuli and Firm Characteristics in a European LDC," *Journal of International Marketing*, 11(3), 23-47.

Kaynak, E. and T.Cavusgil (1983), "Consumer Attitudes Towards Products of Foreign Origin: Do They Vary Across Product Classes," *International Journal of Advertising*, 2(3), 147-157.

______ et al.(1997), "Country of Origin Stereo Typing: Some Perspectives from Asia,"*Proceedings of the Southern Marketing Association*, 105-108.

Kirpalani, V. H. and N.B. Macintosh (1980), "International Marketing Effectiveness of Technology-Oriented Small Firms," *Journal of International Business Studies*, Winter, 81-90.

Kochunny, C. M., et al. (1993), "Schematic Representation of Country Image: Its Effects on Product Evaluation," *Journal of International Consumer Marketing*, 5(1), 5-27.

Morgan, R.and C. Katsikeas (1997), "Obstacles to Export Initiation and Expansion," *International Journal of Management Science*, 25(6), 677-690.

Nagashima, A. (1970), "A Comparison of Japanese and US Attitudes Toward Foreign Products," *Journal of Marketing,* 34(1), 68-74.

______ (1977), "A Comparative "Made In" Product Image Survey Among Japanese Businessman," *Journal of Marketing,* 34(3), 95-100.

Naidu, S. M. and K. Prasad (1994), "Predictors of Export Strategy and Performance of Small and Medium Sized Firms," *Journal of Business Research,* 31, 107-115.

Narayana, C. (1981), "Aggregate Images of American and Japanese Products: Implications in International Marketing," *Columbia Journal of World Business* 16(3), 31-34.

Olson, H. and F. Wiedersheim-Paul (1978), "Factors Affecting the Pre-export Behavior of Non-exporters Firms," in *European Research in International Business,* New York: North-Holland Publishing Co., 283-305.

Papadopoulos, N. (1993), "What Product and Country Images are and are not," in *Product-Country Images: Impact and Role in International Marketing*, New York: International Business Press, 3-38.

Parameswaran, R. and A. Yaprak. (1987), "A Cross-National Comparison of Consumer Research Measures," *Journal of International Business Studies*, Spring, 35-49.

Reid, S. (1982), "The Impact of Size on Export Behavior of Small Firms," in Export Management: An International Context, New York: Preager Publishers, 122-143.

Rynning, M. and O. Anderson (1994), "Structural and Behavioral Predictors of Export Adoption: A Norwegian Study," *Journal of International Marketing*, 2(1), 73-89.

Schiffman, L. and L. L Kanuk (1997), *Consumer Behavior,* Upper Saddle River, NJ: Prentice Hall Publications.

Tesar, G and A. H. Moini (1998), "Longitudinal Study of Exporters and Nonexporters: A Focus on Smaller Manufacturing Enterprises," *International Business Review*, 7(3), 291-313.

Ursic, M. and M. Czinkota (1984), "An Experience Curve Explanation of Export Expansion," Journal of Business Research, 12, 159-168.

Wiedersheim-Paul, F., H. Olson, and L. Welch (1978), "Pre-Export Activity: The First Step in Internationalization," *Journal of International Business Studies*, Spring, 47-58.