

The Influence of SMEs Decision-Makers' Individual Characteristics on Risk Perception Associated with Exporting: Evidence from Saudi Arabia

YOUSIF ABDULLAH ALRASHIDI

College of Business, Al Yamamah University, P.O.BOX 45180, Riyadh 11512, Saudi Arabia

Abstract

This paper explores the influence of the individual 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 these characteristics within the Saudi Arabian contexts. A total of fifteen interviews with Saudi SMEs managers/owners within manufacturing industries were completed. The results suggest that managers' individual characteristics (operationalised as personality, management style, education and experience) influence their perceptions of risks associated with the exporting decision.

Keywords: Risk perception, Saudi Arabia, SMEs decision-makers, Individual characteristics, Exporting SMEs

1. Introduction

In recent years, the world economy has undergone radical transformation. In particular, transforming the scope of trade from a local to an international emphasis is one of the main changes in modern times (Leonidou, 2004). Currently, exporting represents one of the most common entry modes to the international markets (Lado, Martínez-Ros, & Valenzuela, 2001) and a prominent feature of the global economy related to the expanded movement of goods, services, capital, information and labor, across national and regional boundaries (Leonidou, 2004).

Multinational Enterprises, (MNEs), especially large-scale corporations, maintain a dominant role in the global market (D. Crick & Chaudhry, 2004), while Small and Medium-sized Enterprises (SMEs) have, only recently, attracted practitioner and academic interest (Miesenbock, 1988). SMEs contribute to the economic development of nations and are considered to be their manufacturing backbone due to their ability to generate employment with minimum cost and innovation (Chen, 2006). In support of this, Neupent, Baughn and Dao (2006) show that SME's represent one of the fastest growing segments in the economies of various countries. Thus, there is a growing understanding of the importance of assisting SMEs considering their contribution to job creation, development of new products and services and encourage an entrepreneurial culture (Crick, Al Obaidi, & Chaudhry, 2004).

In recent years, issues such as the increasing internationalisation of markets, globalisation, liberalisation of trade, deregulation, the growth in the knowledge economy and e-business, have created new challenges for SMEs and this has stimulated significant attention by researchers into their exporting performance, international activities and those obstacles or barriers that restrict entry into new export markets (e.g. Chen, 2006; Alrashidi, 2012). This is because SMEs contribute to a country's economic regeneration, in general, and the creation of opportunities, in particular (Hill et al., 2002). However, to date, minimal research has examined the role that SME decision-makers individual characteristics influence the exporting process. This omission represents a significant gap in the literature, and forms the basis for the current study. Hence, the overall research questions of this study are:

2. Literature Review

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 (Carson et al. (1995) suggest that, over the past 20 years, SMEs have been identified by most governments as being significant economic contributors to job and wealth creation, and they are considered an important contributor to innovation and developing entrepreneurial cultures (Chen, 2006). Thus, exporting appears an important activity for SMEs at both an organisational and economic level (D'Souza & McDougall, 1989). 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. Erramilli and Rao (1993) suggest that larger firms with their larger resource base are more able to handle risks associated with exporting than are the smaller firms. In addition, firms with large resources will behave differently than smaller ones regarding their competitive strategies.

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. 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. However, it is not clear how exporting SME decision-makers within manufacturing perceive these obstacles, and whether individual-level factors influence the exporting decision.

2.1 SMEs Managers Personality

A firms' attitude and behaviour towards trade opportunities, barriers to internationalisation, or their readiness to be involved in international markets, appear to be influenced mostly by the perceptions of top management (Dichtl et al., 1990). Such research has, however, given too little attention to the relationship between the decision-makers' behaviour in small and medium-size firms, and the process of internationalisation (Andersson & Floren, 2008), even though the importance of the manager/owner has caught the attention of the researchers (e.g. Andersson and Floren, 2008; Gilmore et al., 2004). Walker and Brown (2004) suggest that owners/managers usually take most of the business actions and decisions in SMEs and, therefore, their personal abilities and motivations will impact upon the firms overall strategy in relation to expansion, growth (Walker & Brown, 2004), and entrepreneurial decisions.

Some researchers (e.g. Halikias & Panayotopoulou, 2003) have noticed the influence of the personality characteristics of owners/managers on SMEs performance. Personality has been examined in terms of identifying the pattern of personality associated with entrepreneurial behaviour in franchising (Weaven et al., 2009). Generally speaking, personality is defined as 'an individual's unique psychological makeup, which consistently influences how a person responds to his/her environment' (Blackwell, Miniard & Engel, 2001, p. 271). The relationship between personality and behaviour has been investigated in a significant research effort dedicated to the study of personality in many domains (Weaven et al., 2009). For this reason, the current research proposes the notion that an owner/manager's personality influences their behaviour regarding exporting and the risk associated with foreign markets.

From a psychological perspective, the differences observed in an individual's risk taking behaviour may be based on a need for excitement, resulting from various personal experiences (Lauriola & Levin, 2001a). Thus, differences in this personality trait may help to explain why some decision-makers make more decisions regarding export activities than do others. Therefore, the principal purpose of this study is to investigate the personality of SME decision-makers, and the relationship between their perceptions of the risk associated with exporting, and consequent business expansions in international markets. This approach is especially as there is an increasing awareness that SMEs managers/owners personality traits influence a firm's internationalization activities. To date, there has been little research examining the individual characteristics of the SMEs decision-makers.

Thus, the study of personality may help explain why some decision-makers make more proactive decisions regarding exporting than others. In addition, most business decisions in SMEs are made by owners, therefore, the personal abilities and motivations of the owners impact upon whether they want to grow the business or simply wish to maintain the size of the current operations (Walker & Brown, 2004). Given this, there is a need for research to explore the effects of these factors on the owner/manager's decisions, and their willingness, or not, to initiate exporting activities.

2.2 SMEs Managers Management Style

The role of management has been seen as playing a major role in any SMEs success in internationalisation (Hutchinson et al., 2006). SMEs decision-making power appears to be centred in the hands of one person, or only a few people, within the firm (Reid, 1981). However, until now there has been too little known about the impact of a decision-makers' characteristics on this activity (Halikias & Panayotopoulou, 2003). Studies by Williams (1992) and Vida (2000) confirm that the management's attitude toward risk is very important in terms of making a positive decision to enter a foreign market.

SMEs managers/owners need a management style that encourages creative, innovative and new ways to look for opportunities in both local and international markets (Keh, Nguyen, & Ng, 2007). A manager's decision style is the most appropriate way to explain a firm's decision-making behaviour (Henderson & Nutt, 1980), and to explain how they perceive the risk associated with entry into new markets, both domestic and international. Indeed, managers/owners of SMEs can impress their own way and style of management to shape the firm's overall strategies (Quang and Vuong, 2002). However, the relationship between the decision-makers' characteristics and entrepreneurial behaviour still needs to be studied (Altinay, 2008); and this gap will be addressed in the current research.

The present research focuses on management styles that are strongly influenced by the culture in which an organisation operates, and how it is affected by aspects such as firm characteristic, type, size, operating environment, and firm culture (Quang & Vuong, 2002). However, the proposed research posits that founders of SMEs are not homogenous, with the associated assumption that they will, therefore, adopt different management style. For this reason, the kinds of management styles adopted by SMEs owners/managers and how they are influenced by personality traits and demographic characteristics (education and experience) will be studied here; including the way in which the collective influence of these factors affect the manager's perception of risk in relation to entry into foreign markets.

While a manager's risk propensity appears important, in terms of making a positive decision to enter a foreign market, the senior executives' style of management will reflect the firms' effectiveness in doing so (Vida, 2000; Williams, 1992). On this basis, the current research explores: management style; how it is related to a decision-makers personality; and, how it affects their risk perception associated with exporting. To this end the current research will explore the importance of management style on the SMEs decision-makers risk perceptions.

2.3 SMEs Managers Demographic Characteristics (Education and Experience)

The international marketing literature reveals that activities within firms in the SME sector revolve around the activities of the owners/managers (Verhees & Meulenber, 2004). For example, Hankinson (2000) suggests that SME operations are directly influenced by the owners'/managers' background, experience and know-how. Consequently, the demographic characteristics of SME decision-makers are very important to the firm's overall performance, particularly so in terms of their attitude to exporting. This concept is related to the fact that small business owners look for useful information in the marketplace (Johnson & Kuehn, 1987); and that information acquisition and utilisation is important for firms engaging in entrepreneurial actions, such as a new market entry (Keh et al., 2007). Thus, the extant literature refers to some of the most important characteristics (education, the owners experience in business, and family/history characteristics) (Khurram et al., 2008).

Many studies have shown that the international experience of decision-makers has a strong effect upon SMEs in both the initial decision to expand and the continuing strategies employed in international marketing (e.g. Madsen & Servias, 1997). Khurram et al. (2008) suggest that the education level of SME's managers/owners impact positively on the success of the firm. A real example of this was the finding by Walker (2004) that businesses owned by Greeks in Sydney showed expansionary activity as soon as a university educated son joins the firm. Hence, entrepreneurs need the skills to aid them in the process of managing their ventures successfully (Politis, 2008).

Recent studies have shown that effectual decision-making is not a personal trait, but is a skill acquired through experience (Dew, Read, Sarasvathy, & Wiltbank, 2008). Theng & Boon's (1996) study, exploring factors affecting the failure of Singaporean SMEs, found that a lack of formal education and unwillingness to take risks were not considered important. Whereas, the study by Yusuf & Saffu (2005), on manufacturing SMEs in Ghana, identified many factors that had a significant role in the success of a firm; one factor was the level of experience of the owners and managers. Further, Khurram et al. (2008) studied the effects of the owners' characteristics on SME success in Pakistan. They found that education and experience were important to the health of the SMEs.

The questions then that need to be asked are: How do these demographic characteristics influence the SMEs decision-makers management styles? and How do they perceive the risk that is associated with exporting? The current research will examine the effect of such characteristics on SMEs managers/owners management style, as well as how this affects their perception of the risk associated with exporting.

2.4 SMEs Managers Risk Perceptions and Exporting

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.

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, 1984). 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 (Noy & Ellis, 2003). 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 (and the main dependent variable) is *perceived risk by the SME decision-maker in exporting organizations*.

Thus, a research conceptual model has been developed for the purpose of this study (Figure 1) and follows a comprehensive review of the literature.

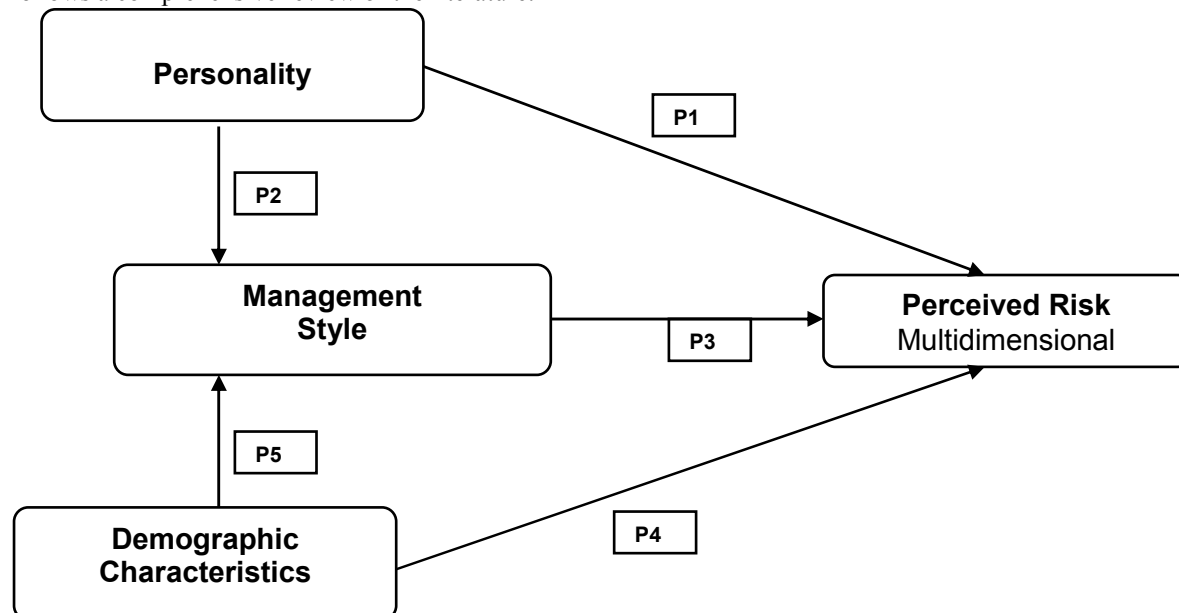


Figure 1. Research Conceptual Model

2.5 Objective of the Study:

1. How the SMEs decision-makers risk perceptions influence the firm exporting commitment
2. The personality of the SME decision-maker will have a significant influence on the perceived risk associated with exporting.
3. The personality of the SME decision-maker will have a significant influence on the management style of the SME decision-maker.
4. The management style of the SME decision-maker will have a significant influence on perceived risk associated with exporting.
5. Demographic characteristics of an SME decision-maker will have a significant influence on the perceived risk associated with exporting and Management Style of SME decision makers.
6. The risk perception of SME decision-maker will have a significant influence on his/her commitment to exporting.

3. Research Methodology

3.1 Sample

The present research was conducted on Fifteen SMEs from diversified fields located in Saudi Arabia and involved in Exporting using purposive random sampling technique. Certain demographic characteristics were also taken into consideration.

3.2 Tools Used

Unstructured set of questionnaire using convergent interview style has been developed and the responses of the subjects were kept open ended. The questions were developed keeping in mind the objective of the study.

3.3 Procedure

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. Last, this research is an exploratory in nature (evidenced by the small sample size), therefore, the findings cannot be generalised to the larger population.

All the care has been taken to minimize the Interviewer Biasness while conducting the interview and interpreting the content of the interview.

4. Results and Discussion

The obtained data were analysed using content analysis technique and were interpreted accordingly. Overall, our results reveal that the individual characteristics of SMEs managers have a direct impact on their ability to engage in exporting activities. Moreover, it appears that both the individual's personality and the SMEs managers' vision (together with their tendency for risk-taking) impact on their decision to expand internationally. During the course of the interviews it became apparent that managers differ in how they judge and evaluate risks, and that this judgement was largely related to personality traits. Managers' who adopted a risk orientation usually make decisions in a very *ad hoc* fashion, regardless of risk perceptions. In contrast, risk-averse managers are acutely aware of risk and often require additional time to execute the decision which often results in 'calling off' the deal entirely. Importantly, risk-taking managers were often open to new experiences and tended to act innovatively and adopt an entrepreneurial management orientation.

However, the results also show that managers do not constitute a homogenous group and are best classified in terms of their conservatism (traditional and risk-averse) and entrepreneurial orientation (risk-takers). Our findings support the contention that managers scoring high on risk orientation and entrepreneurial orientation were more likely to investigate and pursue exporting activities. A strong majority of participants agreed that their personal characteristics impacted their risk, and thus, exporting behaviours.

Overall, the results in relation to the influence of manager's personality on their management styles suggest that the managers' personality and ambition shape the company's main strategies, as well as how managers manage their companies.

Furthermore, a strong majority participants indicated that the manager's personality was the major driver in the company decisions. This aspect of the personality is reflected by managers who are open to new experiences and accept new challenges. As a result, they have better a chance of their company surviving, as they embrace the changing conditions. The conservative manager, however, who is more to be risk-averse, is not ready to take risky contracts that appear unexpectedly; they prefer to avoid any chance of a loss. Nevertheless, a small minority of participants who considered themselves as conservative managers asserted that managers should take care and be aware of any risks associated with exporting. Further, these situations needed to be completely investigated, prior to any decision being made. Indeed, they contend that this was the main task of the manager, namely, for the company to survive any possible failures. Even if this meant slowing down the process, it was still the best way to avoid risks.

Based on the theoretical analysis of the interviews data, it appears that the personality of the SME decision-maker has a significant influence on the perceived risk associated with exporting. Therefore, proposition one and two (the Influence of personality on decision-makers risk perception and management styles) of this research received strong support. Generally, our results show that the management style of the SME decision-maker has a significant influence on both risk perceptions and exporting behaviour. It also appeared that management style plays a crucial role in any exporting (and SMEs) success. This finding was not unexpected as firms within the SME sector are reliant upon the direction of managers, who often also own the business. Being directly managed and controlled by the owner means that the decision-making power is centralised in the hands of one person. Consequently, any exporting decisions are the SME manager's direct task. For this reason, their management style is reflected by the SMEs performance, especially in international activities (e.g. exporting). Within the Saudi Arabian context, noticeable differences in management style were observed. Specifically, managers fell into four distinct groups: authoritarian (discipline and obedience), conservative (traditional), entrepreneurial (innovative and flexible), and participative (consensus-based decision) styles. Generally it was the entrepreneurial group which tended to focus on methods to expand their firm's reach beyond home country markets.

However, a weak minority of participants were observed to be risk-averse, often adopting conservative (traditional) / authoritative styles. These managers pursued opportunities with low risks, and often utilised their privileged power position in the firm to ensure that they retained control over operations.

Based on the analysis of these interviews, it appears that the management style of the SME decision-maker has a significant influence on their perception risk associated with exporting. Therefore, proposition three received strong support in this research.

The results of this study also revealed that demographic characteristics (education and experience) of the SMEs decision-makers influenced their exporting propensity and firm success. Specifically, level education and years of experience were found to be valid antecedents of management style approaches. Managers' possessing higher levels of education adopted innovative management approaches and were better able to learn from others in the network (i.e. utilize social capital) and embark on professional development activities that often alerted them to new ways of doing business.

Without exception, prior international and local experience was identified as very influential in both a manager's initial decision to expand, and the continuing strategies employed by managers in international marketing. In addition, a majority of participants agreed that managers' overseas experience was an important factor impacting upon the international development of any SME. Furthermore, the managers' prior experience enabled them to better forecast market demand, and was associated with greater awareness of the risks associated with exporting. That is, through their prior experience they knew how to manage risk and make timely decisions to minimize exporting risks and barriers.

One participant identified his past experience, (rather than his education), as the way he learnt to pay a lot of attention to risk. However, a small minority of participants considered that the managers' level of education was more important than experience, especially in achieving success in exporting.

Thus, all participants agreed that SMEs managers' level of education and years of experience have a great influence on how they perceived the risks associated with exporting; however, participants differed in which they thought would prepare the managers for greater exporting success.

Similarly, a manager's prior experience was also shown to have a great influence on their chosen management style and personal risk propensity. In particular, work experience provided some grounding in best practice in both local and international markets. Although not always related to exporting directly, it appeared that a majority of managers were able to reflect on prior business experiences and apply these lessons in both domestic and international markets. Moreover, it appeared that prior business experience was directly related to an individual's risk propensity.

Thus, our findings suggest that SME growth strategies should be considered in light of the personal characteristics of the controlling managers. Factors such as education, prior experience and the personality of managers, all impacted their management style and risk propensity in the context of exporting activities. Based on the analysis of the in-depth interviews, it appears that the demographic characteristics of an SME decision-maker (especially education and experience) have a significant influence on the risk perception associated with exporting. Therefore, research propositions four and five received strong majority support.

Moreover, the in-depth interviews data show that SMEs managers' attitudes and behaviors (towards new opportunities, barriers to exporting, or tendency towards exporting) are mostly influenced by the perceptions of the SMEs decision-makers. Indeed, all participants agreed that a firm's choice of exporting varies in relation to the manager's perceptions of the risk associated with exporting; while perceived risk has a direct and strong effect on their behavior towards exporting decisions. Further, the behavior of the firm, and their business strategies related to managerial decisions, are influenced by the manager's perception of the risk entailed in performing any activity, especially exporting. Hence, perceived risk is negatively associated with exporting commitment, and a higher perceived risk results in a lower commitment to exporting.

However, management experience in foreign markets appeared to influence how they perceived risks associated with exporting. As a result, managers with limited exporting experience considered exporting to constitute a risky venture and often perceived these activities as too big an endeavour for their company. For example, although most managers indicated that they had been actively involved in exporting during their years in management; three participants (B, H and K) argued that they were not active exporters as they perceived exporting as a high risk activity, with too many risks for expected returns. Also, as they had been doing well in the local market, they did not consider exporting as having any advantages.

The findings show that exporting decisions are linked directly to the risk perception of the SMEs manager. Further, their perception is significantly affected by the level of risk they associate with export decisions. In particular, their preferences, especially their international risk perceptions, have a significant impact on their final exporting decision. Hence, a majority of participants agreed that the SMEs managers' assessment of risk influenced their firm's exporting strategies, with risk minimization often being a major consideration in international business.

Based on the analysis of these interviews data, it provides overwhelming evidence that the risk perception of the SME decision-maker has a significant influence on his/her commitment to exporting. Therefore, research proposition six received strong support in this research.

SME managers are influenced by similar factors in relation to their risk perceptions associated with exporting. However, SMEs managers (participants) differ in how they judge and evaluate risks, as well as other managerial issues, which are influenced by their personality traits. Thus, firms' attitudes and behaviors towards exporting are influenced mostly by the managers' perceptions and their personalities. Therefore, a risk-taker

manager tends to make decisions quickly, perceiving that any exporting risks are few, if any, or are easily overcome. In addition, to personality, the managers' management style plays a major role in any SME success, whether it be focusing on sales volumes or exporting. In the case of the latter, decisions rested on the perception of the risks associated with exporting. In contrast, the risk-averse manager deliberates more before making any decision or strategy, especially the one to export.

Also, the Saudi SMEs managers were influenced by their prior experiences and level of education, particularly in relation to their risk perception and management style. However, some managers saw education as being more important than experience. Nevertheless, their assessments of risk were influenced by both and, in turn, influenced the firms' main strategies. As seen from the previous discussion, propositions one to six were supported. The findings confirm that managers' personalities, level of education and years of experience greatly influence their' risk perceptions, as well as their management style associated with exporting. Further, the management style was found to influence their risk perception. Indeed, the data reveals a negative relationship between the managers' commitment and their risk perceptions. Thus, it appears that the higher the perceived risk, the lower the commitment to export.

5. Implications

The current research has highlighted and added important information related to our understanding of SMEs decision-makers within the context of exporting domain. The findings of the research make a significant contribution to the body of knowledge with the exporting context and as a result, several aspects have implications for the theory and practice.

5.1 Theoretical Implications

The research model (see Figure 1) has extended our understanding of the SME decision-makers' risk perceptions associated with exporting. The new model incorporates individual characteristics of SME decision-makers and how such characteristics (e.g. personality) influence their commitment to export. More specifically, the results increase our understanding that a manager's personality impacts on the manager's risk perceptions and their choice of management styles, which, in turn, impact upon the firm's export decisions and success.

Importantly, certain personalities (e.g. entrepreneurial) also appear to encourage new experiences and to accept new challenges. As a result, such managers ensure that their firm has a better chance of survival, as they willingly embrace ever changing conditions and act innovatively. In contrast, conservative managers (e.g. traditional) tend to be risk-averse, and avoid risky contracts that appear unexpectedly. Indeed, they prefer to avoid any chance of a loss, prevaricating until a complete investigation has been undertaken, and before making any decision. Further, their personality also impedes the more innovative staff, through their authoritarian and dictatorial management style. The results show, unequivocally, that a manager's personality is the most important factor influencing their management style.

An important aspect of the current research has been the investigation into the relationship between SME decision-makers' management styles and their risk perception associated with exporting (a new research direction). Moreover, the study highlighted how the different management styles influence SME success, specifically related to the diverse managerial approaches to evaluating and perceiving risk associated with exporting. Thus, the Saudi SMEs managers confirm that they used at least one of the following management styles; Authoritarian (discipline and obedience), Conservative (traditional), Entrepreneurial (innovative and flexible), or Participative (Consensus-based decision). As noted earlier, each management style influences the manager's risk perceptions.

This study also found that the role of SME manager's level of education and years of experience was a very important factor influencing their risk perceptions associated with exporting. This knowledge is new and extends our existing understanding, especially within the manufacturing context. The findings highlight that the higher the level of education and of the wider and more diverse the experience of the manager, then the more successful the international export outcomes. Experience and education appear to increase the manager's confidence, their familiarity with the manufacturing business and exporting, their knowledge of other cultures and practices, and their ability to perceive risks as challenges. The more educated and experienced an SME decision-maker, the more the influence on their' management style. Such managers tend to be adaptable, flexible, and innovative, and display a participative management style, important characteristics for managers in changing environments. In contrast, experienced, but less well educated, managers tend to be conservative, traditional and authoritarian.

The present study has expanded the theory underpinning SME decision-makers' risk perceptions associated with exporting within emerging markets (i.e. Saudi Arabia). These perceptions also impact upon the managers' commitment to export either negatively or positively.

5.2 Practical Implications

As with most research, the current study has identified a number of important and practical outcomes that can be implemented to increase the success of SME firms (especially those in Saudi Arabia) with respect to exporting. These implications include: managerial implications, and public policy implications, which are outlined below.

5.3 Managerial implications

The level of commitment and engagement that SME firms gave to exporting were found to be under the control of the decision-makers, who were influenced by their individual characteristics (personality, management style, level of education, years of experience, and demographics) and their risk perceptions associated with exporting activities. The results indicate that managers need to up-date their skills and abilities, to empower and enable them to adapt to changing international business environments, as well as to keep their business and exporting activities growing. Thus, the more successful SME manager will be a risk-taker will be open to new experiences, and see exporting as a big opportunity, regardless the risks associated with exporting. The more risk-averse and conservative the managers the slower they are to adapt to, and make decisions that will take advantage of, new export openings.

Additionally, entrepreneurial decision-makers and staff should be encouraged, as they will see barriers as hurdles to be overcome, rather than roadblocks. In contrast, managers with a conservative management style play will be dissuaded from exporting by their risk perceptions associated with exporting, or at the very least be slower to make the decision to export. Further, to enhance export success, SMEs should employ managers and staff with higher levels of education and years of experience, so that they are better placed to judge and evaluate the risks associated with exporting, while also having a more robust commitment to exporting.

The study has also shown that SME decision-makers, in order to become more active and competitive exporters, need to be more exposed to a range of factors that positively influence the firm's overall exporting performance. Thus, the decision-makers require skills to: manage and delegate all aspects of exporting; identify promising export opportunities; see the benefits of risk diversification. However, no matter the management style, both risk-averse and risk-takers decision-makers need more training (possibly through workshops) to enhance their knowledge of the international export procedures, foreign markets and market research. They should also be encouraged to adapt their management style to one that influences and develops effective exporting processes. Further, for those managers who are neither active nor risk-takers, their firm's export success would be better served through the use of a third party (either a local or international agent). This recommendation is congruent with that of Nguyen (2000) and Pak (1991), who argue that, in the long run, these managers will also become more comfortable and confident with the export arena.

5.4 Public Policy Implications

In the area of public policy, the current study has identified four factors that influence SME decision-makers' risk perceptions associated with exporting and their commitment to such activities. These factors have relevance for exporter within Saudi Arabia. Firstly, government policies and actions should directly support SME exporting, especially in relation to manufacturing. Such assistance is crucial in developing exporting stimuli and reducing exporting barriers. Hence, governments need to provide up-to-date information about foreign markets, including: economic statistics, the cultural environment, government trade regulations and restrictions on imported manufacturing products, distribution channels, and exchange rate policies. Additionally, governments could be proactive in further educating exporters about international markets, possibly even through attending trade delegations, seminars, and conferences, as well as intensive training programs and workshops. These more informal avenues are perfect opportunities for managers to learn about the benefits of exporting; at the same time they can reduce the level of risk (real or perceived) associated with export related activities.

Further, government export promotion policies, which have a major impact on the SMEs competitiveness abroad, should be broadened and strengthened. For example, the government could develop a range of tax incentives, marketing assistance and export insurance, as well as trade-aid linkages through multilateral and bilateral channels. Such export marketing support could be either standardised or customized, depending on the need of the exporter and the foreign market situation. Indeed, the assistance could range from researching specific foreign markets, organizing individual or trade mission visits or trade fairs, to actual market entry.

7. Limitations and Future Research

The current study has been successful in achieving the research objectives and answering the research question. However, as the study investigated Saudi Arabian SMEs, with specific reference to export activities, the conclusions are not generalisable. Nevertheless, the findings can be used to provide a solid information platform for SME research within both countries, and elsewhere. Further, given that the findings are drawn from manufacturing firms, the result cannot be generalised beyond the manufacturing arena.

Additional limitations may also exist because of possible biases associated with the particular samples. For example, this study is based on existing exporting SMEs within Saudi Arabia. As a consequence, the difficulties faced by these SMEs and their exporting behaviour cannot be equated exactly with the difficulties and subsequent behaviours faced by the less experienced SMEs. In addition, during the study, every effort was made to gain a broad view of Saudi SME exporting. However, the qualitative method (convergent interviewing) used necessitated that the sample size be small. Once again this limits the generalisability of the findings, but is nevertheless consistent with expert recommendations regarding thematic saturation (Dick, 1990). These limitations are acknowledged so that the reader can put the study into context. At the same time, however, these restrictions do not reduce the efficacy of the research. Indeed, they enhance the study by highlighting the areas for future research in this important area.

For future research in this area, the current study focused on SME export firms within Saudi Arabia, and identified a range of factors that inhibit or encourage exporting within emerging countries. These findings provide a valuable background resource for future research in emerging (e.g. Turkey). Cross-internationalisation studies would expand and authenticate the current findings, while improving our understanding and knowledge of SME decision makers' exporting ventures, motivations and commitments. Replicating the study would determine if the findings hold true in other regions, and thus provide greater support for the generalisability of the findings. From a methodological point of view, future research could test the new research model using a quantitative (rather than a qualitative) survey instrument. Such an approach would increase the sample size and, once again, improve the generalisability of the findings.

Future research could also replicate and validate the findings using another experimental design, for example, longitudinal research, rather than a cross-sectional design. Longitudinal research would allow the tracking of SME decision-makers' actions, over time, and provide more extensive data regarding those factors that influence their risk perceptions associated with exporting. As a consequence, trends in decision making may be identified that assist with improving managerial and public-level policy strategies.

References

- Ahmed, Z. U., Mohamad, O., Tan, B., & Johnson, J. P. (2002). International risk perceptions and mode of entry: a case study of Malaysian multinational firms. *Journal of Business Research*, 55(10), 805-813.
- Al-Aali, A. (1995). Obstacles facing Saudi Arabian food and chemical exporters. *International Journal of Commerce and Management*, 5(3), 17-31.
- Altinay, L. (2008). The relationship between an entrepreneur's culture and the entrepreneurial behavior of the firm. *Journal of Small Business and Enterprise Development*, 15(1), 111-129.
- Andersson, S. & Floren, H. (2008). Exploring managerial behaviour in small international firms. *Journal of Small Business and Enterprise Development*, 15(1), 31-50.
- Dick, R. (1990). *Convergent interviewing: Interchange version 3*. Brisbane.
- Asiedu, E., & Lien, D. (2004). Capital controls and foreign direct investment. *World Development*, 32(3), 479-490.
- Axinn, C. N. (1988). Export performance: do managerial perceptions make a difference? *International Marketing Review*, 5(2), 61-71.
- Barrow, C. (2001). *How to Survive the E-business Downturn*: John Wiley & Sons.
- Blackwell, R. D., Miniard, P. W., & Engel, J. F. (2001). *Consumer Behavior* (9 ed.). Thomson Learning, Mason, OH.
- Brouthers, K. D., Brouthers, L. E., & Werner, S. (2002). Industrial sector, perceived environmental uncertainty and entry mode strategy. *Journal of Business Research*, 55(6), 495-507.
- Brouthers, K. D. (1995). The influence of international risk on entry mode strategy in the computer software industry. *Management International Review*, 35(1), 7-28.
- Carson, D., Cromie, S., McGowan, P., & Hill, J. (1995). *Marketing and entrepreneurship in SMEs: an innovative approach*: Prentice Hall Hemel Hempstead.
- Cavusgil, S. T. (1984). Organizational characteristics associated with export activity. *Journal of Management Studies*, 21(1), 3-22.
- Chen, J. (2006). Development of Chinese small and medium-sized enterprises. *Journal of Small Business and Enterprise Development*, 13(2), 140-147.
- Crick, D. (2004). UK SMEs' decision to discontinue exporting: an exploratory investigation into practices within the clothing industry. *Journal of Business Venturing*, 19(4), 561-587.
- Crick, D., & Chaudhry, S. (1997). Small Business Motives for Exporting: The effect of internationalization. *Journal of Marketing Practice: Applied Marketing Science*, 3(3), 156-170.
- Dew, N., Read, S., Sarasvathy, S. D., & Wiltbank, R. (2008). Effectual versus predictive logics in entrepreneurial decision-making: Differences between experts and novices. *Journal of Business Venturing*.

- Dichtl, E., Koeglmayr, H. G., & Mueller, S. (1990). International Orientation as a Precondition for Export Success. *Journal of International Business Studies*, 21(1).
- Dick, R. (1990). Convergent interviewing: Interchange version 3. Brisbane.
- Douglas, B., & Moustakas, C. (1984). Heuristic inquiry: The internal search for know. Detroit, MI, Centre for Humanistic Studies.
- D'Souza, D. E., & McDougall, P. P. (1989). Third world joint venturing: a strategic option for the smaller firm. *Entrepreneurship Theory and Practice*, 14(4), 19-33.
- Erramilli, M. K., & Rao, C. P. (1993). Service firms' international entry-mode choice: A modified transaction-cost analysis approach. *The Journal of Marketing*, 57(3), 19-38.
- Gilmore, A., Carson, D., & O'Donnell, A. (2004). Small business owner-managers and their attitude to risk. *Marketing Intelligence & Planning*, 22(3), 349-360.
- Halikias, J., & Panayotopoulou, L. (2003). Chief executive personality and export involvement. *Management decision*, 41(4), 340-349.
- Hankinson, A. (2000). The key factors in the profiles of small firm owner-managers that influence business performance. The South Coast Small Firms Survey, 1997-2000. *Industrial and Commercial Training*, 32(2/3), 94-98.
- Henderson, J. C., & Nutt, P. C. (1980). The influence of decision style on decision making behavior. *Management Science*, 371-386.
- Hill, J., Nancarrow, C., & Wright, L. T. (2002). Lifecycles and crisis points in SMEs: a case approach. *Marketing Intelligence & Planning*, 20(6), 361-369.
- Hofstede, G. H. (1980). *Culture's Consequences: International Differences in Work-related Values*. Beverly Hills: Sage Publications.
- Hutchinson, K., Quinn, B., & Alexander, N. (2006). The role of management characteristics in the internationalisation of SMEs: Evidence from the UK retail sector. *Journal of Small Business and Enterprise Development*, 13(4), 513-534.
- Johnson, B. R. (1997) Examining the validity structure of qualitative research Education, 118 (2): 282-92.
- Keh, H. T., Nguyen, T. T. M., & Ng, H. P. (2007). The effects of entrepreneurial orientation and marketing information on the performance of SMEs. *Journal of Business Venturing*, 22(4), 592-611.
- Khurram, M., Bhutta, S., Rana, A. I., & Asad, U. (2008). Owner characteristics and health of SMEs in Pakistan. *Journal of Small Business and Enterprise Development*, 15(1), 130-149.
- King, C. and Grace, D. (2008) Internal branding: Exploring the employee's perspective. *Journal of Brand Management* 15(5): 358-372.
- Lado, N., Martínez-Ros, E., & Valenzuela, A. (2001). Explaining export regional involvement through marketing strategy: the case of Spanish companies exporting to Latin America. *Working paper, Business Economics, Series 09*, 1-26.
- Lauriola, M., & Levin, I. P. (2001a). Relating individual differences in attitude toward ambiguity to risky choices. *Journal of Behavioral Decision Making*, 14(2).
- Leonidou, L. C. (2004). An Analysis of the Barriers Hindering Small Business Export Development. *Journal of Small Business Management*, 42(3), 279-303.
- Leonidou, L. C. (2003). Overcoming the limits of exporting research using the relational paradigm. *International Marketing Review*, 20(2), 129-141.
- Lind, P., Sepúlveda, E., & Nuñez, J. (2000). On the applicability of a computer model for business performance analysis in SMEs: a case study from Chile. *Information Technology for Development*, 9(1), 33-44.
- Madsen, T. K., & Servais, P. (1997). The internationalization of born globals: an evolutionary process? *International Business Review*, 6(6), 561-583.
- Malhotra, N., Hall, J., Shaw, M., & Oppenheim, P. (2006). *Marketing research: an applied orientation* (3rd Ed.). New South Wales: Pearson Prentice Hall.
- Miesenbock, K. J. (1988). Small businesses and exporting: a literature review. *International Small Business Journal*, 6(2), 42.
- Miller, K. D. (1992). A framework for integrated risk management in international business. *Journal of International Business Studies*, 311-331.
- Neupert, K. E., Baughn, C. C., & Dao, T. T. L. (2006). SME exporting challenges in transitional and developed economies. *Journal of Small Business and Enterprise Development*, 13(4), 535-545.
- Noy, E., & Ellis, S. (2003). Risk: a neglected component of strategy formulation. *Journal of Managerial Psychology*, 18(7), 691-707.
- Politis, D. (2008). Does prior start-up experience matter for entrepreneurs' learning?: A comparison between novice and habitual entrepreneurs. *Journal of Small Business and Enterprise Development*, 15(3), 472-489.
- Quang, T., & Vuong, N. T. (2002). Management Styles and Organisational Effectiveness in Vietnam. *Research*

- & *Practice in Human Resource Management*, 10(2), 36-55.
- Sarfraz, L. (2002). Economic reforms and foreign direct investment. *Munich Personal RePEc Archive*. Retrieved October 10, 2008, from <http://mp.ra.ub.uni-muenchen.de/1480/>.
- Saudi Ministry of Commerce and Industry (2008). Strategic Positioning and Industrial Development Vision for the Kingdom of Saudi Arabia. Retrieved on September 25, 2008 from <http://www.commerce.gov.sa/english/moci.aspx?PageObjectId=806>
- Sitkin, S. B., & Weingart, L. R. (1995). Determinants of risky decision-making behavior: A test of the mediating role of risk perceptions and propensity. *Academy of Management Journal*, 1573-1592.
- Suárez-Ortega, S. M., & Alamo-Vera, F. R. (2005). SMES' internationalization: firms and managerial factors. *International Journal of Entrepreneurial Behaviour & Research*, 11(4), 258-279.
- Theng, L. G., & Boon, J. L. W. (1996). An exploratory study of factors affecting the failure of local small and medium enterprises. *Asia Pacific Journal of Management*, 13(2), 47-61.
- Verhees, F., & Meulenber, M. T. G. (2004). Market Orientation, Innovativeness, Product Innovation, and Performance in Small Firms*. *Journal of Small Business Management*, 42(2), 134-155.
- Vida, I. (2000). An empirical inquiry into international expansion of US retailers. *International Marketing Review*, 17(4-5), 454-475.
- Walker, E., & Brown, A. (2004). What success factors are important to small business owners? *International Small Business Journal*, 22(6), 577.
- Weaven, S., Grace, D., & Manning, M. (2009). Franchisee personality: An examination in the context of franchise unit density and service classification. *European Journal of Marketing*, 43(1/2), 90-109.
- Westhead, P., Wright, M., & Ucbasaran, D. (2001). The internationalization of new and small firms A resource-based view. *Journal of Business Venturing*, 16(4), 333-358.
- Williams, D. (1992). Motives for Retailer Internationalisation: Their Impact, Structure and Implications. *Journal of Marketing Management*, 8(8/9), 8-24.
- Yusuf, A., & Saffu, K. (2005). Planning and performance of small and medium enterprise operators in a country in transition. *Journal of Small Business Management*, 43(4), 480-497.