CHAPTER II
LITERATURE REVIEW

Introduction

The 1990s have been characterized as a turbulent period with massive corporate downsizing and restructuring (Schwartz 1996). Internationalization has become a corporate necessity because today businesses "are beginning to realize that the firm that isn’t thinking in terms of international trade should start thinking about going out of business" (Zodl 1995, 3). From a marketing context, the challenge has been one of "restructuring domestic marketing operations to compete internationally in larger, more disparate markets" (Denison and McDonald 1995, 58). Appropriate training programs are required to meet the skill needs within a globally competitive environment; many organizations have prioritized employee training efforts and have "placed skill and labour [sic] needs alongside product and service development" (Gibbs, Glendenning, and McCarthy 1995, 4). Caution must be taken to ensure that training remains appropriate, because "training for training’s sake" offers little potential, and in order for training "to be effective, it must be focused [sic]" (Denton 1995, 2).

The purpose of this study was to: (1) identify the skills needed to be effective in international marketing; (2) identify the level of importance of each of these skills; (3) identify the degree to which these skills are present in...
employees of exporting companies; and (4) describe the gap between the skills these employees have and the skills they need.

The Context for International Marketing

There has been dramatic growth in international trade over the last thirty-four years. In 1960, total United States trade in goods and services was $48.3 billion, with a United States trade balance of $3.5 billion. In contrast, for the calendar year 1994, total United States trade in goods and services was $1,500.9 billion, with a United States trade deficit of $108.1 billion (U.S. Department of Commerce 1995a). Global trade with the United States has increased by over 3,100 percent over the last thirty-four years. Competitive forces have truly become global in nature.

The first successful internationalization of American business occurred in 1868, when Singer Sewing Machine built a factory in Scotland (Ball and McCulloch 1996). Many companies since then, such as Ford, General Electric and IBM, have had international business operations since their companies began. "Although internationalization of business is not a new phenomenon . . . the urgency and intensity in the determination to internationalize is relatively new" (Monye 1995, 5).

Monye (1995) further states that "one important feature of businesses in the 1980s and 1990s is the increasing focus on internationality in their structure
and operation" (5). Several authors also contend that there is an increasing number of companies, since the 1980s, which are emerging as global marketers (Albaum et al. 1994; Jeannet and Hennessey 1995; Toyne and Walters 1993).

According to Cateora (1993), changes in domestic market conditions have pushed many firms into the international arena,

Companies with only domestic markets have found it increasingly difficult to sustain customary rates of growth and many are seeking foreign markets to absorb surplus productive capacity. (7)

The relatively large United States domestic marketplace must now be shared with a variety of foreign companies and products. According to Sletten (1994), as the United States market becomes more competitive, "the need to conduct international operations has been redefined as a [mandatory] cost of doing business" (3). International marketing activities have intensified in recent years, and abundant literature exists relative to the nature of this evolving field.

**The Field of International Marketing**

The field of international marketing has been related to other fields of study in different ways by various authors. Evert Gummesson (1996) states

Despite the increasing globalization of marketing, marketing thinking and its dissemination is cultivated by cliques through their access to journals, publishers, associations, and conferences. (3)

In its broadest terms, "international marketing is a subset of international business, which is defined as the performance of all business functions across
national boundaries" (Jeannet and Hennessey 1995, 8). Cateora (1993) concurs that international marketing is the "performance of business activities that direct the flow of a company’s goods and services to consumers or users in more than one nation for a profit" (9). This same point of view is expressed by Taoka and Beeman (1991), that international marketing is more than just an international version of the marketing task. It "includes the determination of worldwide as well as country-specific strategies" which include how "global control and coordination will be maintained" (373).

On the other hand, several authors have aligned the field of international marketing with the general concept of marketing. According to Albaum et al. (1994), the only differentiation between the definition of international marketing and the general definition of marketing is that "goods and services are marketed across political boundaries" (4). They go on to say that this difference, however minor it may seem, requires a different approach to marketing management, solving marketing problems, developing marketing policies, and implementing marketing programs. A similar perspective has been stated by Daniels and Radebaugh (1995), that "marketing principles are no different in the international arena [than marketing in general]," however, differing environments in various countries "often cause managers to overlook important variables or to misinterpret information" (607). Ball and McCulloch (1996) agree that the basic
functions of domestic and international marketing are the same, but concede that "the international marketing manager's task is [more] complex" (474).

There is a substantial difference between domestic and international marketing, according to Monye (1995), which is perceived not to be with different concepts of marketing, so much as with the environment within which marketing must be implemented. He concedes that not all scholars accept that international marketing is sufficiently different than basic marketing. He further states:

There is a growing realization that unlike domestic marketing, international marketing management is the process of anticipating, identifying, planning and the management of resources in such a way that maximizes customer satisfaction in multinational, multicultural and multilingual environments for profit and growth. (13)

Albaum and Peterson (1984) have stated that the "investigation of international marketing phenomena has lagged considerably behind that of domestic marketing phenomena" (161). Progress, however, has evidently been made in this direction because "the capacity to provide education in the international dimensions of specific functional fields has been enhanced dramatically" (Kwok, Arpan, and Folks 1994, 620). Voght and Schaub (1992) point out:

Most American professionals, whether in business, government, medicine, law, or other fields, lack the basic skills needed to cultivate working relationships with colleagues in foreign countries and do not have easy access to new ideas and developments from abroad. (1)
This seems to support the need for increased emphasis on education and training within the specific field of international marketing. This need for training is vital because "a command of the elements of international marketing will be essential in the decades to come" (Czinkota, Ronkainen, and Tarrant 1995, 6).

**The Need for Training in International Marketing Skills**

After searching the literature, there seemed to be no studies regarding identification of the specific skills needed to be effective in international marketing. The literature did contain four studies which determined perceptions regarding the need for specific types of international trade training (Busche and Bergerud 1990; Scott 1989; Kotabe and Czinkota 1992; and Monye 1995). Each of these studies concluded that international marketing was a priority area of need for international business training.

Busche and Bergerud (1990) received responses from 700 hundred California businesses, and found that 539 respondents (77 percent) indicated a need for hiring people with international trade training. Respondents indicated a strong preference for international marketing training topics: negotiating with foreign business people (85.1 percent); international relations (76.7 percent); research on foreign markets (68.1 percent); working through agents and distributors (62.9 percent); how to find and analyze data on foreign markets (62.9 percent); and export marketing know-how (61.9 percent). These topics
were mixtures of both skill sets and areas for knowledge acquisition, yet clearly identified the general area of international marketing as a priority training concern.

Scott (1989) concurred with the identification of international marketing as a topic deserving training priority, after having polled 238 southern California businesses. A total of 199 respondents (84 percent) expressed a need for expanded employee knowledge and skills related to international business. The community college course selected by 133 respondents (55.9 percent), and ranked top on the list as being most useful to employees, was international marketing.

Kotabe and Czinkota (1992) completed a study of 450 exporting manufacturers with 162 usable responses (36 percent). Respondents were categorized according to stages of export involvement: stage 1 (partial interest in exporting n=51); stage 2 (exploring exports n=61); stage 3 (experimental exporter n=17); stage 4 (experienced exporter with limited scope n=8); and stage 5 (experienced exporter n=25). Seven elements were identified within export procedural expertise, which consisted of international marketing factors: (1) overseas shipping and transportation arrangement; (2) how to structure transactions to ensure payment from abroad; (3) identification of foreign demand for products; (4) regulations and paperwork for foreign marketing; (5) international marketing services available from public and private sources;
(6) tax implications of exporting; and (7) antitrust regulations. This study measured levels of export procedural expertise on a five-point Likert scale (not at all knowledgeable = 1 . . . 5 = extremely knowledgeable). Findings according to each export stage were: stage 1 (1.5); stage 2 (2.1); stage 3 (2.4); stage 4 (3.1); and stage 5 (3.4). It is not surprising that "the level of export procedural expertise significantly increases as the firms’ export involvement rises (p<.0001)" (Kotabe and Czinkota 1992, 647). This research, however, also indicated that even the most experienced exporters were not confident about their international marketing expertise. This finding clearly showed that,

Regardless of the export stage, the firms’ export procedural [international marketing] expertise is less than adequate. Obviously, firms see a strong need for strengthening their export procedural expertise. (647)

Moyne (1995) polled a sample of four hundred postgraduate students, employers, and professional bodies. A total of "75 percent of the sample felt there was need for specialist knowledge of international marketing management for companies to succeed in the international operation" (Moyne 1995, 8). This study also revealed that all the respondents expected to see increased demand for specialist education and expertise in the area of international marketing. The major conclusion which emerged from this survey was

The recognition of the need for expertise in international marketing management by both students who seek new career development opportunities, and employers who are anxious to develop expertise in response to business realities of the 1990s and beyond. (12)
There was also the apparent need to provide courses that develop specific international marketing expertise that businesses demand, based on the concept of usable rather than reproducible knowledge (Moyne 1995).

The conclusions of these studies, however, did not reveal any insight about which skills were needed to be effective in international marketing. Two recent studies (Tobin 1993; and Lundstrom, White, and Schuster 1996) surveyed industry to determine which marketing or international skills were most important for graduates of selected educational institutions to attain.

Tobin (1993) received responses from fifty-four personnel directors, or 91 percent of the businesses located in Lackawanna County, Pennsylvania, regarding their perceptions on the adequacy of marketing education. Twenty-two directors (40.7 percent) recommended that the colleges review their curriculum "to keep pace with the business world" (Tobin 1993, 96). These responses led Tobin (1993) to recommend that curriculum planners should include courses encompassing "skills and competencies perceived [by industry] as essential or as important content for college-level marketing programs" (127). This study covered the broad field of marketing, yet because of globalization and a rapidly changing marketing environment, it recommended future research that would involve a comparison of the perceptions of educators and industry practitioners as to "the value of selected tasks, skills, and competencies in specific areas of marketing" (Tobin 1993, 129).
Perceptions regarding which international skills a person should possess upon completion of a professional, graduate business program, with an international emphasis, was conducted (Lundstrom, White, and Schuster 1996). Although a low response rate (6.25 percent) was achieved, 250 out of 4,000 questionnaires were returned. Twenty-five skills were included on the questionnaire, which were developed from content analysis of professional and academic journals, a review of the subject matter offered at domestic and international business programs throughout the world, and a series of focus group interviews with international business executives. The questionnaire asked respondents to rate the importance of the knowledge and the business, cultural, and language skills that a person should possess to be a successful international marketing manager. This study measured levels of importance on a five-point Likert scale (very important = 5 . . . 1 = not important).

The results showed that marketing practitioners believe students "should possess the knowledge and skill areas that pertain to the international marketing generalist" (Lundstrom, White, and Schuster 1996, 7). Eight skills were rated above 4.0 on the five-point rating scale: (1) general marketing competence (4.672); (2) human relations/people skills (4.512); (3) assessing country/market potentials (4.164); (4) international marketing skills (4.096); (5) general world business knowledge (4.088); (6) general understanding of cultural differences (4.084); (7) analytic/quantitative skills (4.036); and (8) language fluency in oral
communication (4.036). These skills seemed to represent a mixture of general marketing and international marketing skills; however, five of the eight highest-rated skills were related to the field of international marketing. The study seemed problematic in that there were apparently no selection criteria to qualify participants as international marketing experts, other than their inclusion as "professional members of the American Marketing Association (AMA) who had selected international marketing as their major areas of interest or expertise" (Lundstrom, White, and Schuster 1996, 6).

The conclusion that "students, should, therefore, possess the tools needed for marketing on an international level" (Lundstrom, White, and Schuster 1996, 13), and the conclusion that "competencies in specific areas of marketing [be further explored]" (Tobin 1993, 129), seemed to collaboratively indicate the strong continuing need to identify the specific skills needed to be effective in international marketing.

**Conclusion**

The literature clearly evidenced that the business environment in the 1990s is characterized by globalization forces. It was also shown that American firms have increasingly placed priority attention into the international arena to respond to global competition. The field of international marketing has been covered widely in the literature, yet disparate, and sometimes conflicting,
scholarly perceptions have emerged relative to the field. Numerous studies have concluded that strong needs exist for training in the field of international marketing. Evidence was also presented which pointed to the need for identifying the specific skills needed to be effective in international marketing. The next chapter demonstrates the various skills, relative to effective international marketing, which seem to cut across the various authors.