International Standardization of Channel Management and Its Behavioral and Performance Outcomes

ABSTRACT

Most research on standardization examines it in the context of the marketing mix. In contrast, research on standardization of management processes/characteristics is rare. The authors examine standardization of such processes/characteristics in international management of channels of distribution and its performance consequences. They include characteristics of firms' relationships with their foreign representatives (coordination, support, autonomy, communications, and control) and their impact on behavioral and performance outcomes. Data generated from a survey in Slovenia mostly support the research hypotheses.

Keywords: standardization, adaptation, channel management, international performance

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Increasing world globalization (World Trade Organization 2004) makes international operations important for many firms (Leonidou and Katsikeas 1996). Given the globalization trend, scholars have debated the merits of standardization, adaptation, or "glocalization" (i.e., think globally, act locally) of international strategies (e.g., Zou and Cavusgil 2002), including in the headquarters–subsidiary context (Paterson and Brock 2002).

Arguments for standardization include economies of scale and consistent image and positioning; arguments for adaptation include friction between headquarters and local representatives, potential price discrimination, and accurate positioning (e.g., Shoham 1995). Moreover, adaptation may be required when cultures differ sufficiently (e.g., Jain 1989). In such situations, the benefits of adaptation outweigh its additional costs because of lower economies of scale (e.g., Douglas and Wind 1987). Another global shift is the advent of major trading blocks, such as the European Union and the North American Free Trade Agreement. Such blocks might imply that regional standardization is superior to global standardization. However, consumers and managers exhibit cross- and intracountry diversity (e.g., Hofstede 1984, 1993; Kale 1995; Shoham 1995; Wierenga, Pruyn, and Waarts 1996), and nations have diverged rather than converged (Craig, Douglas, and Grein 1992). In short, managers have few research-based guidelines about the optimal level of standardization of the marketing mix or the processes/characteristics underlying this mix en route to international performance (Jain 1989). Guidelines are needed for two rea-

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sons. First, with globalization and intensifying competition, strategic drivers of international performance should be well understood (Quelch and Buzzell 1989). Second, managers are subject to bounded rationality; thus, an understanding of these drivers can reduce the quantity and complexity of information they need to process (Shoham 1999).

The distinction between standardized contents of the marketing program and standardized management processes/characteristics is important. Jain (1989, p. 71) defines marketing program contents as covering the marketing mix and processes as the “tools that aid in program development and implementation.” Standardization/adaptation of the latter has been underresearched. Thus, this study of Slovene exporters centers on their process relationships with their foreign representatives. Representative as used here refers to any local entity representing firms in foreign markets, regardless of its international mode of operation, including distributors, agents, importers, and sales and marketing subsidiaries.

Although the relationship between standardization/adaptation of the marketing mix and performance has been studied extensively, less is known about the relationship between standardization of management processes/characteristics in relation to international channels of distribution and performance. To the best of our knowledge, only Griffith, Hu, and Ryans (2000) have covered this issue in the channel context, and they address trust, commitment, conflict, and satisfaction of distributors in four countries. Our study is designed to assess the impact of standardization of management processes/characteristics on performance and includes a more comprehensive set of processes/characteristics and outcomes. We develop propositions, describe our empirical study of low- and high-technology Slovene firms, and, following data analyses, discuss the findings and their implications.

Theoretical Background and Propositions

Standardization Versus Adaptation of Marketing Programs

A detailed overview of the debate on standardization/adaptation of the contents of marketing is beyond the scope of this article. Levitt’s (1983) seminal study generated a debate on standardization versus adaptation. According to his study, markets and consumers become more similar at an accelerated pace, leading to converging world markets and necessitating a standardized approach. Although some scholars have followed his assertion and argue for standardization (e.g., Hout, Porter, and Rudden 1982; Quelch and Buzzell 1989; Quelch and Hoff 1986), others call for marketing-mix adaptation, invoking arguments of accurate country-level segmentation and positioning (Baalbaki and Malhotra 1993) and headquarters–subsidiary friction (Shoham and Albaum 1994).

Given the conflicting arguments, the impact of standardization/adaptation of the marketing mix on international performance becomes an empirical question. Katsikeas, Samiee, and Theodosiou (2006) provide a detailed review and summary of the literature, and Shoham's (2002) study involves a meta-analysis of the relationships between standardization of the marketing mix and performance. Therefore, rather than discuss this debate in detail, we discuss the major contributions of the current study, which addresses the relationship between standardization/adaptation of marketing management characteristics/processes and behavioral and performance outcomes in the context of the relationships between producers and their international channels of distribution.

Standardization/Adaptation of Marketing Management Processes/Characteristics

Jain (1989) distinguishes between standardization/adaptation of programs (the marketing mix) and processes (the mechanisms used to develop/implement programs). Sorenson and Wiechmann (1975, p. 54) cover multinational corporations' standardization of the marketing mix and report medium to high levels of standardization, noting, "It seems that multinationals in consumer packaged products cannot gain significant competitive advantage by means of transferring marketing programs across borders." Because standardization did not improve performance, they summarize (p. 54, emphasis in original) the following:

> To the successful multinationals, it is not really important whether marketing programs are internationally standardized or differentiated; the important thing is the *process* through which these programs are developed is standardized.

Likewise, Maitland, Rose, and Nicholas (2005, p. 436) note, "The extension of value-adding activities across national boundaries is an inherently dynamic process, which requires the adaptation of firm strategy, resources, structure, and organization to new international environments" (see also Calof and Beamish 1995).

We use institutional theory (Meyer and Rowan 1977) and fit theory (Erez and Early 1993) to study standardization of management processes/characteristics in the channel context. We bring the two theories together and apply their predictions to our context.

Institutional theory posits that organizations strive for efficiency, effectiveness, and legitimacy. It recognizes the idea that societies exert pressures for organizational conformity to legitimized managerial routines and standards (Meyer and Rowan 1977; Meyer and Scott 1983), which constrain resource allocation decisions and strategy selection (DiMaggio and Powell 1983). Organizational members follow such cultural characteristics when developing and implementing strategies (North 1992). When the decision context is important or when interdependent networks are involved, actions are more constrained (Selznick 1992).

In the context of our study, the theory could be used to argue for either standardization or adaptation in the deployment of organizational resources and knowledge across borders. Standardization could lead to increased legitimacy for headquarters in its international markets (Jensen and Szulanski 2004), which likely would lead to higher levels of motivation among local managers to accept and use deployed knowledge (Kostova 1999; Kostova and Zaheer 1999). Adaptation could lead to increased legitimacy of the foreign arm of the international firm in this firm's headquarters, which would likely enhance managers' motivation to listen to their foreign counterparts. Regardless, a major problem is that firms' routines, repertoires, and characteristics emerge within the institutional context in which they have operated over time. Accordingly, they are embedded in the source and target market of the national culture (Morosini, Shane, and Singh 1998). Therefore, routines and characteristics are constrained by both national cultures (Hofstede 1984, 1993) and thus should account for both. In other words, international firms might need to develop routines and characteristics that jointly fit the culturally different markets in which they operate. In these uncertain environments, managers cannot know ex ante which characteristics are crucial competitive advantages (Morosini, Shane, and Singh 1998) and probably would use similar (standardized) characteristics that they are familiar with and trust.

Fit theory also can explain the choice between standardized and adapted routines and characteristics. According to cultural fit theory, "Most existing models of culture and work behavior assume cultural stability and emphasize the fit between a given culture and certain managerial and motivational practices" (Leung et al. 2005, p. 361). Leung and colleagues (2005) argue that in terms of fit theory, high fit to a given culture requires high levels of adaptation of management processes, which in turn lead to high organizational effectiveness. Such adaptations will be more important the higher the level of identification of foreign representatives' personnel with their local culture (Leung et al. 2005). High levels of identification would be expected for culturally homogeneous representative teams. Adaptations will also gain importance when the joint exporter–representative team is in the early stages of development (Chatman and Flynn 2001), which is probably the case for new Slovene exporters.

In contrast, Griffith, Hu, and Ryans (2000) discuss cultural fit in a different way. They posit that standardization would be the preferred option for process characteristics. However, they qualify this norm by arguing and documenting empirically that standardization of processes should be used when interacting firms come from what they term as the same "cultural type," which refers to cultures with similar levels of individualism, power distance, and uncertainty avoidance. Unfortunately, Hofstede's (1984) data do not include values for Slovenia and many of its trading target markets. However, survey respondents listed their three main trading targets. Notably, ex-Yugoslavian and ex-Czechoslovakian nations, which should be culturally close to Slovenia, dominated the lists. Indeed, Kolman and colleagues (2003) assess Hofstede's cultural dimensions for the Czech Republic/Slovakia and report virtually identical scores to those that were reported originally for Yugoslavia. In addition, Yugoslavia was fairly similar to Italy and Germany, the second and third most frequent trading countries, on uncertainty avoidance and power distance. In total, these target markets accounted for 53% of those listed by respondents. Thus, in line with the findings of Griffith, Hu, and Ryans (2000), standardization should have been the preferred option.

In short, achieving and maintaining local legitimacy is important to firms in all markets. This is reflected in pressures to use locally adapted cultural characteristics to achieve isomorphism with each local institutional context in every country of operation (Kostova and Roth 2002) and to account for the expected strong impact of foreign cultures on acceptable channel management processes. Likewise, legitimacy is important to the entities that represent such firms, reflected in pressures to adopt practices aimed toward isomorphism within the headquarters context. Therefore, scholars have advocated the use of mixed standardization and adaptation when transferring firm-specific assets (e.g., Morosini, Shane, and Singh 1998; Prahalad and Doz 1987; Sorenson and Wiechmann 1975). In summary, institutional and fit theories suggest either standardization or adaptation of such cultural characteristics. Our study tested their potentially offsetting impacts. Thus, our general nondirectional research proposition is as follows:

> P: The level of standardization/adaptation of management processes/characteristics in relation to representatives across borders is related to international performance.

Next, we discuss the processes/characteristics used in our study, which we identified in a literature review as important internationally. Such characteristics refer to "the kinds of behaviors that are valued and promoted in an organization" (Hurley and Hult 1998, pp. 45–46). These characteristics can be important sources of competitive advantage because they are embedded in the exporting organization and its network of representatives, making them resistible to duplication. In addition, they represent important means of achieving isomorphism (in relation to institutional theory considerations) with the source nation, the target nation, or both.

The first characteristic is representatives' coordination. A coordinated culture is defined as one in which the pattern of complementary and similar market behaviors makes dyadic partners open to agreed-on analysis of the market and the activities designed to serve it (Anderson and Narus 1990). A coordinated manufacturer–representative relationship is meant to produce mutually beneficial outcomes. In recognition of the mutually dependent success of the partners, coordinated dyads can share information, identify market threats and opportunities, and act on them (Jap 1999). As for standardization of the level of coordination, international representatives might object to enforced uniformity. However, because coordination can enhance partners' performance, it might be standardized by the international firm. Therefore, forces for standardization and adaptation are operative. In summary, we posit the following:

> P_1: The level of standardization/adaptation of international coordination for representatives across borders is related to international performance.

Support to international representatives (i.e., providing technical guidance, promotion materials, training, and visits by headquarters' personnel) is another determinant of international performance (Bilkey 1982), and it involves costs for the exporter (Paswan and Young 1999; Stewart and McAuley 2000). For example, consider a firm that is forced into a high-support mode in a given market, which could be the case for highly competitive markets. To the extent that it standardizes its level of support in other markets, in which such support is not needed, its performance in these markets could suffer from reduced profits, reduced sales (at higher prices), or both. A similar situation arises if the firm maintains a low level of support in a market in which heavy support is not needed and attempts to duplicate this in markets in which heavier support is needed. In short, standardized support might hinder international performance. Moreover, local representatives might hold different perspectives as to the required level of support. To the extent that the international firm tries to enforce an insufficient and adapted level of support, performance might be hindered. In addition, supporting channels can take many forms, such as advertising support, trade allowance, training, free samples, and finance (Paswan and Young 1999). Adapting each one of the many support types across multiple export markets (and possibly multiple representatives in each market) might be cognitively complex and subject to bounded rationality on the part of export managers (Shoham 1999). Therefore, opposing forces operate in this context as well. Thus, we posit the following:

P_2: The level of standardization/adaptation of international support to the representatives across borders is related to international performance.

Another factor in firms' international performance is representatives' autonomy, defined as the closeness of the exporter's supervision of the representatives and the extent to which responsibilities are delegated to them (Joyce and Slocum 1984; Koys and DeCotiis 1991). Firms may try to grant representatives low levels of autonomy, standardized across international markets. This would be the case, for example, when a foreign national distributor allows high levels of decision-making autonomy to local subdistributors (Frazier 1999). In such a case, influencing local representatives' decisions is complex. Yet we would expect the representatives to react negatively to such standardization, thus hindering international performance for the focal firm. In short, autonomy standardization can affect performance in either direction. Therefore, we posit the following:

P_3: The level of standardization/adaptation of international autonomy for representatives across borders is related to international performance.

Control of the representatives refers to the extent to which the focal firm uses behavior-based control mechanisms. We used the sales management literature for guidance on this issue (Anderson and Oliver 1987), including in international markets (e.g., Katsikea and Skarmeas 2003). Following Babakus and colleagues (1996, p. 348), control is defined as "the amount of monitoring, directing, evaluating, and rewarding performed by sales managers" (headquarters' managers, in our case). It is important to note that such control has been reported to enhance the behavioral performance of salespeople (Anderson and Oliver 1987; Babakus et al. 1996). However, we attribute the positive impact to the context of these studies, which deal with a company and its sales force, rather than a company and its international representatives. Although international representatives will accept some level of manufacturer control, the level of accepted behavioral control should vary across representatives according to personal, cultural, and market characteristics. If the focal firm's aim is to standardize its control across markets, it might be too low for some and too high for others, reducing performance. However, adapted levels of control might be suboptimal as well. This would be the case when monitoring of representatives becomes too complex given export managers' bounded rationality (Shoham 1999) as a result of the proliferation of control means available (e.g., using boundary personnel, electronic transfer of information; Frazier 1999). To summarize, we posit the following:

P_4: The level of standardization/adaptation of control of international representatives across borders is related to international performance.

The final characteristic is communication with representatives (Hurley and Hult 1998), referring to aspects such as quantity, quality, and contents of communications (Mohr and Nevin 1999). Communication enhances harmonic relationships with foreign customers (representatives, in our case): "[H]armonious relationships were characterized by clearer, open, and systematic exchange of information" (Leonidou, Katsikeas, and Hadjimarcou 2002, p. 106). Communication serves a similar purpose to Jaworski and Kohli's (1993) intraorganizational connectedness. The level of communication needed to conduct international business in one market might differ from that needed in others. For example, close psychological markets might require less intense communication between the company and its international representatives. To the extent that the level of communication is standardized, it might be too high for some markets, too low for others, and not optimal for any. However, communication with representatives is multifaceted and complex and includes the quantity, direction, media, and contents (Mohr and Nevin 1999). As Frazier (1999) notes, most previous research on this issue has examined how manufacturers use communication for applying power. Adapting all facets of communication to each international market served might require mental resources not available to export managers, leading to reduced performance. As with the other characteristics, an argument can be made for a positive or negative impact of standardization on performance. Thus, we posit the following:

P_5: The level of standardization/adaptation of communication with international representatives across borders is related to international performance.

In the preceding paragraphs, we discussed the relationships between standardization/adaptation of management processes/characteristics in relation to international representatives and performance. Note that we view international performance as multifaceted with behavioral (esprit de corps, cooperation, and commitment) and bottom-line dimensions. In the following paragraphs, we discuss esprit de corps, cooperation, and commitment of the organizations representing the international company in its international markets, as well as the international company's bottom-line performance.

Previous research uses the term "esprit de corps" in the context of group cohesiveness. Specifically, "cohesiveness refers to a 'we' feeling, an 'esprit de corps,' a sense of belonging to a group" (Greenberg and Baron 1997, p. 259). Members of more cohesive groups typically increase participation in the groups' activities, are more accepting of group goals, are absent from work less often (Cartwright 1968; Dunham and Pierce 1989), and tend to stay longer with their organization (George and Bettenhausen 1990) than members of less cohesive groups. The greater willingness of cohesive groups' members to work together and conform to group norms contributes to these groups' performance (Shaw 1981).

Dunham and Pierce (1989, pp. 471–72; see also Jewell and Reitz 1981) recognize six group development stages: orientation, conflict, cohesion (which pertains to team spirit), delusion, disillusion, and acceptance: "Cooperation, low levels of emotionalism, and goal directed activity are common characteristics of highly cohesive groups. Significant increases in group effectiveness are common during the cohesion stage." Thus, team spirit is an important behavioral performance outcome.

"Cooperation" is defined as the degree to which the firm and its representatives jointly put forth effort and collaborate toward the achievement of their specific and joint goals (Leonidou, Katsikeas, and Hadjimarcou 2002). We follow Anderson and Narus (1990, p. 45), who note, "Cooperation is defined here as similar or complementary coordinated actions taken by firms in interdependent relationships to achieve mutual outcomes or singular outcomes with expected reciprocation over time." The importance of cooperation to the focal firm lies in its positive relationships to commitment of its representatives and enhanced performance.

The relationship between representatives' cooperation and commitment draws from the commitment–trust theory (Morgan and Hunt 1994, p. 26): "[T]he marketing literature on relationships has focused disproportionately on power and conflict as focal constructs." Morgan and Hunt (1994) view this relationship as unfortunate because cooperation within a network of actors promotes network success, a view supported by their study. Their original model proposes and tests a commitment → cooperation relationship. In contrast, our model posits a positive but reversed link. Morgan and Hunt provide no theoretical arguments in support of this directional link of their model; they state (p. 23):

> A common theme emerges from the various literatures on relationships: Parties identify commitment among exchange partners as key to achieving valuable outcomes for themselves and they endeavor to develop and

> maintain this precious attribute in their relationships. Therefore, we theorize that commitment is central to all the relational exchanges between the firm and its various partners.

However, in line with Anderson and Narus (1990), Morgan and Hunt (1994, p. 26) also suggest that "cooperation … refers to situations in which parties work together to achieve mutual goals." Accordingly, cooperation over time is needed for commitment to develop. Our view is supported by Holm, Eriksson, and Johanson (1999), who suggest the following model of network relationships: business network connection → mutual commitment → mutual dependence → value creation. They view (p. 473) business network connection as providing the context in which relationships develop:

> The business network concept suggests that the coordination of activities between two partners in a business relationship can also take place within the wider business network context of connected relationships whereby each firm is engaged in a set of business relationships in which it coordinates its activities with those of its partners.

Holm, Eriksson, and Johanson also argue that partners increase their relationship commitment when they recognize opportunities to coordinate activities, an argument supported by a case study. Similarly, De Ruyter, Moorman, and Lemmink (2001) find support for a similar relationship in a study of customer–supplier relationships in high-tech markets.

Regarding the cooperation → performance link, Anderson and Narus (1990) hypothesize and empirically document a positive link (though, in their case, the outcome is satisfaction, and the impact is mediated by trust). Similarly, Leonidou, Katsikeas, and Hadjimarcou (2002) report that international firms with a higher degree of cooperation enjoyed more harmonious foreign business relationships. In summary, cooperation with the representatives should be recognized as an international performance outcome.

"Commitment" is commonly defined as an active association between individuals and/or organizations, in which they are willing to contribute to others (Dunham and Pierce 1989). There are many positive outcomes of committed employees. For example, they are less likely to be absent from work (Steers 1977) and are more likely to remain members of the organization (Porter et al. 1974; Somers 1995; Tett and Meyer 1993). In addition, committed employees are more likely to go beyond expected firm norms to contribute to the achievement of organizational goals (Steers and Porter 1979) and are more willing to give of themselves for the organization's well-being (Mowday, Porter, and Steers 1982). In contrast, less committed employees are less willing to share and sacrifice for the organization (Randall, Fedor, and Longenecker 1990). Finally, organizational commitment enhances sales force performance, leading to higher levels of organizational performance (Grant and Cravens 1999; Michaels et al. 1988) because committed employees are likely to identify with their work (O'Reilly and Chatman 1986).

In combination, these studies suggest that commitment is important, and a recent meta-analysis documents its positive impact (Jaramillo, Mulki, and Marshall 2005). Thus, we recognize it as a third facet of international behavioral performance.

We followed Zou, Taylor, and Osland's (1998) conceptualization of export performance. Accordingly, bottom-line performance refers to the financial, strategic, and satisfaction outcomes of firms' international operations. Previous research has documented the relationships between several firm characteristics and export marketing strategy concepts (for a review, see Aaby and Slater 1989) and export performance. Thus, we included it as a final outcome in our study.

Figure 1 shows a graphic summary of the research propositions. The next section describes the study designed to test the model depicted in Figure 1.

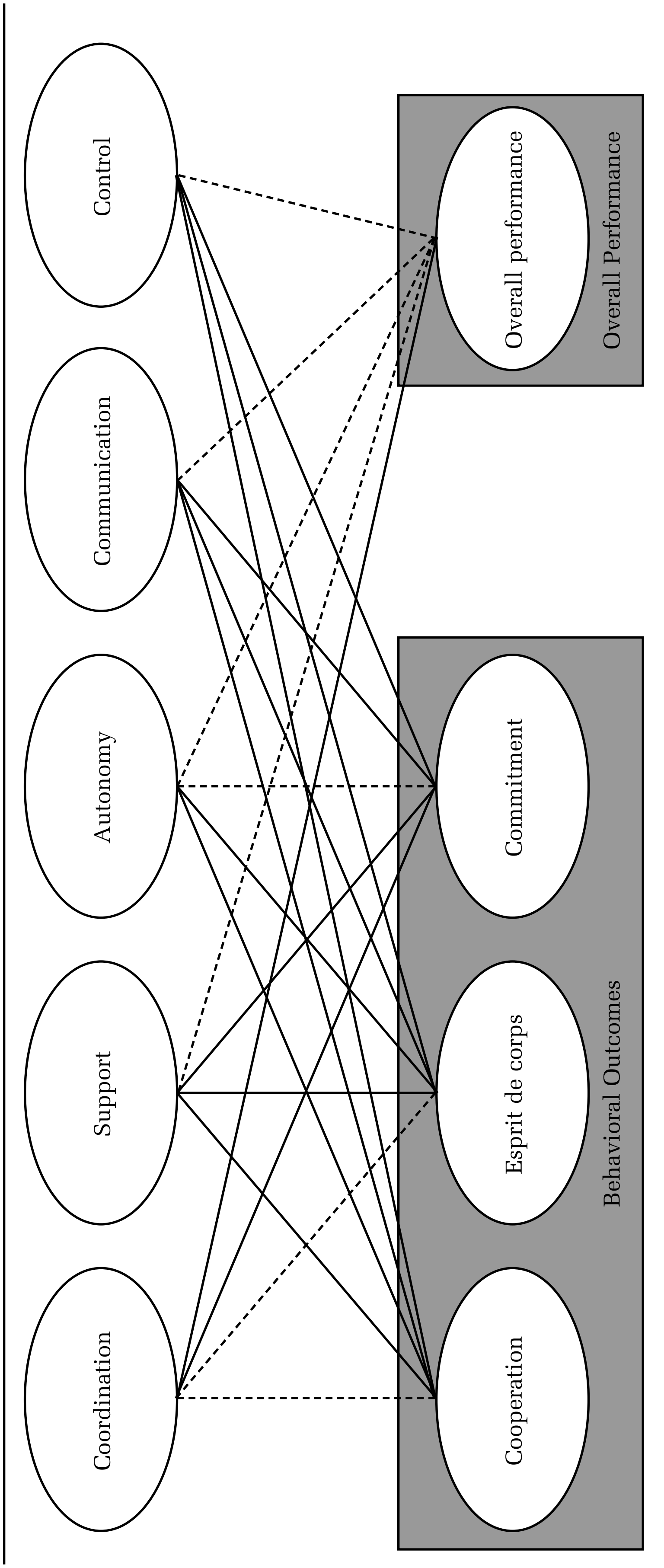
Methodology

Research Questionnaire and Pretest

We collected data using structured questionnaires (see the Appendix). All scales were originally developed in English. Because English is not widely spoken in Slovenia, we followed an elaborate back-translation procedure to avoid miscommunication and misinterpretation. We used two translators fluent in both languages, who could use suitable official Slovene. Both had extensive experience in developing questionnaires in Slovenia, were Slovenian natives, and had conducted much marketing and academic research in Slovenia. The back-translated version was compared with the original English version. Although most translated items were accurate, some required slight adaptations to avoid being misunderstood by respondents while retaining their meaning and cultural equivalence.

To ensure the content validity of the questionnaire, we pretested it in two stages. First, five academicians from the Faculty of Economics in the University of Ljubljana examined the questionnaire for face and content validity. A few items were modified on the basis of their recommendations. Second, we pretested the questionnaire with managers (excluded from the main study) from five Slovenian low-tech export-manufacturing companies and five high-tech ones (Malhotra and Birks 1999). Participants were asked to evaluate the questionnaire for clarity, ambiguities, relevance to

Figure 1.
A Model of Standardization
International Performance



Notes: Solid lines denote significant relationships, and broken lines denote insignificant relationships.

Slovene business setting, wording, and sequencing. Participants had no problems answering the questions, and we made only a few changes as a result.

We provide information on the scales' origin and reliability in our study in the paragraphs that follow. Scales for standardization/adaptation varied from 1 ("total adaptation") to 7 ("total standardization"), behavioral performance outcomes from 1 ("low") to 7 ("high"), and actual performance items from 1 ("totally disagree") to 7 ("totally agree"). We noted that respondents could have misunderstood the scales to mean high/low on their construct (e.g., low/high coordination) rather than high/low on standardization/adaptation. Therefore, the introductory letter explained what the scales measured and how to assign numbers to reflect the latter. In addition, the coding was explained to each respondent by telephone or in face-to-face meetings.

We used Strutton, Pelton, and Lumpkin's (1993) five-item scale for representatives' autonomy, modified to reflect the degree to which the level of representatives' autonomy is standardized across international markets. With an alpha of .91, the scale was reliable. In addition, all interitem correlations were significant, and the lowest corrected item-to-total correlation was .73.

A nine-item modified scale was used for support to the representatives (Bilkey 1982) with acceptable reliability (α = .90). All but one of the interitem correlations exceeded .30 and were significant. The lowest corrected item-to-total correlation was .54.

A five-item scale measured communication with the representatives, or the extent to which communication flows between a company and its representatives are uninterrupted (Leonidou, Katsikeas, and Hadjimarcou 2002). The modified scale was reliable (α = .88), interitem correlations were significant, and the lowest corrected item-to-total correlation was .65.

We measured behavioral control of the representatives with four items (Babakus et al. 1996). The items measured the degree to which representatives' activities are monitored, directed, evaluated, and rewarded similarly across markets. The scale was reliable (α = .91), interitem correlations exceeded .59, and corrected item-to-total correlations exceeded .70.

We measured coordination of the representatives with a modified three-item scale (Jap 1999), which captures the degree to which the company and its representatives work together at the same level in all international markets. With an alpha of .90, we deemed reliability to be acceptable. Interitem correlations exceeded .67, and corrected item-to-total correlations exceeded .75.

A seven-item scale (Jaworski and Kohli 1993) assessed representatives' commitment, or the degree to which representatives across markets feel committed to the exporter. Commitment was reliable in our research (α = .92). Interitem correlations exceeded .53, and corrected item-to-total correlations exceeded .71.

We used a six-item scale to measure the extent to which esprit de corps prevails between a company and its representatives in all export markets (Jaworski and Kohli 1993). It proved reliable in our research (α = .93). Interitem correlations exceeded .50, and the lowest corrected item-to-total correlation was .71.

We used Leonidou, Katsikeas, and Hadjimarcou's (2002) four-item scale to measure the extent of representatives' cooperation. The scale was reliable (α = .89). Interitem correlations exceeded .57, and corrected item-to-total correlations exceeded .73.

We used a nine-item, international performance, three-dimensional (financial and strategic performance and satisfaction with exports) scale (Zou, Taylor, and Osland 1998). However, we explored its dimensionality through a factor analysis, which yielded one factor accounting for 67% of the variance. Therefore, we averaged the items to form a bottom-line international performance reliable scale (α = .94). Interitem correlations exceeded .45, and corrected item-to-total correlations exceeded .71.

In Table 1, we provide descriptive statistics and correlations for the scales used in this research. We discuss the complete measurement model subsequently.

The Population and Data Collection

The sampling frame was *Slovene's Exporter Selected 2003*, published by the Agency for Public Legal Records and Related Services. It provides exporting company details and is the most accurate and frequently updated list available for public use. Because we examined the impact of standardization of management characteristics on international performance, we sampled firms operating in at least two export markets. The frame includes no information on the number of export markets firms serve, an issue we revisit subsequently. In addition, because managers' names were not provided, we addressed letters by position to directors and export or marketing managers. To ensure that respondents were valid key informants, they were asked to report firm tenure and years of involvement in exporting (Kumar, Stern, and Anderson 1993).

Table 1.
Reliability Coefficients, Means, and Correlations of the Scales

	α	M (SD)	1	2	3	4	5	6	7	8	9
Autonomy	.92	5.45 (1.21)	1								
Support	.90	4.72 (1.40)	–.19	1							
Communication	.88	5.46 (1.05)	.12	.37	1						
Control	.91	4.88 (1.48)	–.12	.65	.36	1					
Coordination	.90	5.33 (1.26)	–.04	.64	.49	.66	1				
Commitment	.92	4.63 (1.25)	–.12	.53	.50	.52	.55	1			
Esprit de corps	.93	4.49 (1.32)	–.16	.54	.45	.50	.49	.85	1		
Cooperation	.89	5.31 (.96)	.15	.40	.65	.49	.52	.67	.63	1	
Performance	.94	4.62 (1.18)	.01	.28	.22	.24	.40	.29	.22	.26	1

Respondents were knowledgeable, having been employed by their firms for 9.8 years and having been involved in their firms' export operations for 7.8 years on average.

We gathered data from Slovenian export manufacturers in high- and low-tech industries for generalizability purposes. Following discussions with practicing managers and academicians, we examined the breakdown of Slovene manufacturers and selected firms from the "Electrical and Optical Equipment" (high-tech) and the "Textile and Woods" (low-tech) groups. Our choice enabled us to create a sufficiently large sampling frame. Another benefit of our choice is that it includes international firms from one of the most successful (high-tech) and one of the least successful (low-tech) Slovene industries. The frames included 727 firms (320 high-tech and 407 low-tech export manufacturers). The questionnaire and postage-paid reply envelope were mailed to these firms. A cover letter introduced the researcher, the university, and the research importance to increase response rates. Participants were offered a summary of results if they returned identifiable questionnaires. A reminder letter was sent to nonrespondents three weeks after the first mailing.

A total of 234 questionnaires were returned, 137 after the initial mailing and 97 after the second mailing, resulting in an overall response rate of 32.2%. However, 67 were unusable because the firms operated in one export market, exported directly to end users, were in liquidation, refused participation because of time problems, or did not have sufficient experience. Therefore, we received 167 usable questionnaires (86 from the high-tech and 81 from the low-tech industry), for an effective response rate of 23.0%. This rate is probably deflated because some of the reasons for exclusion might well exist for nonrespondents from the list.

We compared early and late respondents to test for nonresponse bias (Armstrong and Overton 1977). We found no significant differences between the respondents of the two mailings. Thus, nonresponse bias appears to have little impact on the results.

Sample Characteristics

As we noted previously, respondents came from two industries. We compared the two groups on the independent scales before combining them for subsequent analysis. Only two mean differences were statistically significant ($p \leq .05$), and both were smaller than one-half scale point (out of seven). Comparing the Slovene population of firms with that of respondents shows that our sample included greater sales companies ($t = 2.22$, $p \leq .02$) with more workers ($t = 2.86$, $p \leq .01$). We expected this because the sample includes exporters to at least two markets.

Analysis and Findings

Modeling

Given the model's complexity and the need for a simultaneous test of its relationships, we used structural equations modeling (SEM). We initially analyzed the measurement model and followed it with a test of the complete model. Measurement models assess whether items corresponding to a given scale represent the same latent variable. Measurement models with three to five indicators per latent variable are ideal (Bagozzi and Heatherton 1994). Because some constructs had more than five items, we used a parceling procedure (Bagozzi and Heatherton 1994) and randomly combined items into composites. This approach reduces random errors, simplifies models, and maintains the principle of multiple indicator measurement. Thus, we randomly parceled the items for each construct into composites, which we entered into the measurement model as multiple indicators of their respective latent variables.

Several goodness-of-fit measures are usually considered in SEM. Although there is a debate about thresholds for a good model, error estimates (e.g., root mean square error of approximation [RMSEA]) less than or equal to .08 and values of normed fit index (NFI), incremental fit index (IFI), Tucker–Lewis index (TLI), relative fit index (RFI), and comparative fit index (CFI) greater than or equal to .90 are usually considered acceptable (Hair et al. 1998).

We first evaluated a full confirmatory factor analysis measurement model. Although chi-square (813.28, 353 d.f.) was significant, it is sensitive to the number of indicators and the sample size. Except for RMSEA (.09), which was slightly higher than .08, normed chi-square (2.30); NFI (.95); RFI (.94); and IFI, TLI, and CFI (.97) were acceptable and thus suggest an acceptable level of fit. Moreover, all parcels loaded highly (standardized loadings ≥.65) and significantly ($t \geq 9.45$) on their respective constructs, in support of the measures' discriminant and convergent validity (Griffith, Hu, and Ryans 2000). We also confirmed discriminant validity by rerunning the measurement model with the correlations between every pair of variables constrained to 1.0 and freed. In all cases, the constrained models had significantly lower fits, as shown by the differences between the chi-squares with one degree of freedom (all $\chi^2 \geq 5.0$). Finally, we assessed monomethod bias by running SEM with all parcels loading on a single method factor. This model also resulted in a significantly lower fit to the data ($\Delta\chi^2 = 1731.6$, 36 d.f.). In summary, discriminant and convergent validity were demonstrated, and monomethod bias was ruled out. Therefore, we next analyzed the full model.

The substantive model's chi-square (1093.63, 357 d.f.) was significant. However, except for RMSEA (.11), which was somewhat higher than .08, normed chi-square (3.06), NFI

(.94), RFI (.92), IFI and CFI (.96), and TLI (.95) were acceptable. Given these acceptable fit statistics, we examined the model's standardized coefficients next (Table 2).

Tests of Hypothesis

Table 2 shows the results of the SEM model used to test the research propositions. Recall that we proposed that standardization of (1) coordination, (2) representatives' support, (3) representatives' autonomy, (4) communications with the representatives, and (5) representatives' control would be related to behavioral outcomes and international performance (a total of 20 paths). The model explained 42.1%, 39.3%, 57.9%, and 19.4% of the variance in commitment, esprit de corps, cooperation, and actual performance, respectively. Twelve paths were significant ($p \leq .05$), and one was marginally significant ($p \leq .08$). Of these relationships, 12 were positive and only 1 (representatives' autonomy → esprit de corps) was negative. The coefficients are standardized and, when reported as significant, exceed the conventional .05 threshold.

The impact of standardized coordination was positive (.43) and significant on actual performance and positive (.10) and

Table 2.
Structural Equations: Standardized Results

Path	β
Coordination → representatives' cooperation	.03
Coordination → esprit de corps	.01
Coordination → commitment	.10**
Coordination → international performance	.43*
Support to the representatives → representatives' cooperation	.13*
Support to the representatives → esprit de corps	.42
Support to the representatives → commitment	.35
Support to the representatives → international performance	.07
Representatives' autonomy → representatives' cooperation	.15
Representatives' autonomy → esprit de corps	–.16*
Representatives' autonomy → commitment	–.07
Representatives' autonomy → international performance	.02*
Control of representatives → representatives' cooperation	.32*
Control of representatives → esprit de corps	.21*
Control of representatives → commitment	.27
Control of representatives → international performance	–.06*
Communication → representatives' cooperation	.66*
Communication → esprit de corps	.38*
Communication → commitment	.46
Communication → international performance	.05*

*$p \leq .05$.
**$p < .08$.
Notes: Model fit statistics: χ^2 = 1093.63, d.f.= 357; normed χ^2 = 3.06; TLI = .95; NFI = .94; RFI = .92; CFI, IFI = .96; RMSEA = .11.

marginally significant on representatives' commitment ($p <$ .08). It did not affect the other dependent variables. Therefore, P_1 is partially supported.

P_2 involved the impact of standardized representatives' support on performance. The impact was positive for all outcomes and was significant for the three behavioral outcomes ($\beta_{\text{support–cooperation}} = .13$, $\beta_{\text{support–esprit de corps}} = .42$, and $\beta_{\text{support–commitment}} = .35$), in partial support of this proposition. P_3 suggested a relationship between representatives' autonomy standardization and performance. In partial support of this proposition, its impact was significant for two outcomes (esprit de corps = –.16, and cooperation = .12).

P_4 related standardized communication with representatives to performance and was partially supported. Its impacts were positive and significant for all three behavioral outcomes ($\beta_{\text{communication–cooperation}} = .66$, $\beta_{\text{communication–esprit de corps}} = .38$, and $\beta_{\text{communication–commitment}} = .46$). Finally, P_5, which linked standardized representatives' control with performance, was also partially supported. All significant links (for the three behavioral outcomes) were positive and significant ($\beta_{\text{control–cooperation}} = .33$, $\beta_{\text{control–esprit de corps}} = .21$, and $\beta_{\text{control–commitment}} = .27$). In summary, for the most part, the data provided support for a positive impact of standardization on performance.

DISCUSSION

Before discussing our results, we reiterate the major theoretical arguments underlying the propositions guiding our research. Institutional theory argues that various conditions in source and international target markets create competing standardization/adaptation pressures that require exporters to strive for fit with local conditions and importers/representatives to strive for fit with source market and headquarters conditions to create competitive advantages en route to performance (Jensen and Szulanski 2004). Isomorphic pressures include cultural differences (Buzzell 1968), laws (Kostova and Roth 2002), and idiosyncratic customer needs (Prahalad and Doz 1987). When managerial processes or practices are adapted to fit these pressures, the local representatives will most likely accept them more readily, and implementation will be enhanced. However, this fit comes at the expense of low isomorphism with the source country and organization. Moreover, adapted management requires an analysis of multiple factors and could lead to suboptimal, bounded-rationality-based decision making.

As we noted previously, our findings for the impacts of standardization or adaptation were consistent and, in general, supported the view that standardized channel management characteristics and processes enhance overall and behavioral performance. However, in some cases, the impact of standardization was not significant (e.g., coordination of the representatives; cooperation → esprit de corps), and in one case, it was negative (autonomy → esprit de corps). This pattern of results is in line with the research Griffith, Hu, and Ryans (2000) report. Major target markets for the sampled exporters were culturally similar to Slovenia. Such similarity, building on the notion of cultural fit, would imply that the use of standardized characteristics and processes would enhance performance. Therefore, we echo Griffith, Hu, and Ryans's summary of their results; that is, given cultural similarity across source and target markets, cultural standardization is a preferred approach.

In general, this pattern of findings is also consistent with the theory of dual institutional isomorphism pressures as identified in the institutional theory domain (Kostova and Roth 2002). On the one hand, utilization of tested managerial techniques and repertoires is a critical determinant of competitive advantage for international firms. Such competitive advantages lead firms to leverage home-market-honed channel marketing management processes/characteristics in foreign markets.

In 12 of the 20 links examined herein, isomorphism pressure was dominant. On the other hand, firms are required to achieve isomorphism with their international markets, leading them to adapt channel management processes/characteristics to each, which would increase the probability that they will be used by the recipients (Jensen and Szulanski 2004). Thus, in the one case in which adaptation enhanced performance, the local isomorphism appears to have been dominant. An alternative explanation for this finding is based on a stickiness argument (Szulanski 1996). Some management characteristics' transfers are inherently more difficult and stickier than others. Increased stickiness can increase the liability of foreignness (Zaheer 1995), potentially hindering the local representative's performance and, consequently, the exporter's performance. However, this explanation is weakened because the other impacts of autonomy were either not significant or positive. There is no compelling reason to assume that autonomy is sticky in terms of its impact on one outcome compared with another or that it is stickier than the other characteristics/processes examined here.

Another force offsetting the prostandardization isomorphism force that could have led to some insignificant impacts draws on the work of Kostova and Roth (2002). It could be that representatives accepted some processes and characteristics without recognizing the benefits for their own organizations. This adoption of headquarters' policies, termed "ceremonial adoption" (Kostova and Roth 2002, p. 220), should enable exporters to reap the performance rewards of standardized processes without enhancing the representatives' cooperation, commitment, and esprit de corps, as we found in some cases. This explanation rests on ceremonial adoption, which was not tested in this research and remains an important task for further research.

We conducted several interviews with practicing Slovene managers to explain this pattern of findings. They suggested that most Slovene exporters suffer from severely constrained resources. To the extent that our sampled Slovene firms attempted to standardize representatives' support, such standardization could be resisted by the representatives, resulting in implementation difficulties. When the exporter depends on representatives, rather than the other way around (Kostova and Roth 2002), such resistance could have lowered the performance benefits of standardized characteristics/processes. The interviews showed that this is the case for most Slovene exporters, which are weaker than their representatives. Further research could involve testing this explanation.

Significantly, standardizing representatives' autonomy had a negative impact on the behavioral outcome of esprit de corps but a positive impact on cooperation. As became evident in the interviews alluded to previously, standardized levels of autonomy were probably forced to be at high levels by the more powerful and less dependent representatives of the Slovene sample. Thus, our findings might be indicative of high levels of cooperation arising from autonomy to the representatives, but respondents forced into granting high autonomy might have resented this level of autonomy, giving rise to reduced feelings of team spirit. A test of this assertion would be an excellent future research direction.

Standardized control was associated with higher esprit de corps and cooperation, but not with international performance. This might be due to an imbalanced dyadic power structure, in which the representatives are more powerful. If the standardized level is at the low end of the control continuum, it would lead to enhanced behavioral outcomes, with the representatives feeling that they control the relationship but the exporter suffering lower performance, as was found. An alternative explanation is based on Gilson and colleagues' (2005) study about the interaction between standardization of work processes and creativity as a performance determinant. Although their study involved intra-organizational processes and domestic operations, it illustrates that team creativity only enhanced performance at low levels of standardization. Thus, high levels of standardization, if used by Slovene firms, coupled with creativity efforts by the local representatives, could have led to perceived lower performance, as was found here. These explanations should be tested in further research.

Finally, communication standardization enhanced behavioral outcomes but not overall performance. Here, too, we lean on the interviews, which indicated that most Slovene exporters are in early internationalization stages and are still learning how best to operate in other markets. In contrast, their representatives are more experienced. Consequently, the impact of high levels of standardization probably masks the impact of high communication levels, rather than how standardized it is. Further research should separate these issues and assess how standardized and how intensive communication is.

Post hoc, we also assessed the potential impact of the three behavioral outcomes on bottom-line performance (for a similar assessment in a different context, see Shoham, Rose, and Kropp 2005).[1] The difference between the original and the post hoc models was not significant ($\Delta\chi^2 = 3.76$, d.f. = 3). Notably, the substantive findings were identical (in direction and significance) across the models. However, the relationship between esprit de corps and bottom-line performance was positive and significant. Thus, the impacts of standardization of support to the representatives, autonomy, communications, and control on bottom-line performance are stronger than the original model implies. Accordingly, our argument for standardization of these four characteristics/processes is strengthened when the mediation of esprit de corps is included in the model.

We recognize several limitations of our study. Generalizability is an issue when extrapolating from a sample, raising two questions. First, is the sample representative of all Slovene exporters? We believe it is because the sample includes firms from two major export industries in Slovenia. Although our sample included respondents from larger-than-average Slovene firms, we believe that this is a result of the context of our study. The sampling frame included all Slovene firms, but our study required that we use only firms involved in at least two foreign markets. Thus, our results should hold for similar Slovene firms. Second, can the findings be generalized to exporters in other countries? Slovenia is a developing country, dependent on international trade for its economic growth. Thus, many Slovene firms search for international opportunities. Our results may be representative of firms in similar countries. However, research is needed in less-export-dependent and more developed countries.

In addition, we addressed the survey to "generic" managers because specific names were unavailable in the sampling frame. As we mentioned previously, the impact of this limitation should be minimal. Respondents reported their positions and the number of years they had been involved in export activities. The average respondent had been with the firm for approximately ten years and had been involved in the firm's export operations for approximately eight years. Although we believe that the respondents were knowledgeable, further research using personal interviews might be beneficial. In addition, the data might suffer from single informant bias. Although respondents' experience was substantial, further research might include several informants from each responding firm.

Next, 19.4% of the variance in actual performance was explained by our model. Although this is close to the average variance explained in previous international performance studies (22.3%; Shoham and Rose 1993), other explanatory constructs should be included in further research. We also measured actual performance subjectively. Although subjective measures of performance may have shortcomings, Shoham (1998) reports high correlations between objective and subjective international performance measures, reducing the impact of this limitation. Finally, our measure of actual international performance (Cavusgil and Zou 1994) failed to yield the expected three dimensions. Further research should reexamine this scale. To the extent that the three can be separated in further research, it would be illuminating to examine whether the impacts of the variables we used differ across these dimensions.

SUMMARY

This study adds to the global standardization–local adaptation literature. Whereas most previous research centers on standardization/adaptation of marketing contents (the marketing mix), we studied the impact of standardization/adaptation of management processes and characteristics in relation to channels of distribution on international performance of Slovene firms. Coordination, support, autonomy, control, and communication were studied in terms of the representatives of Slovene firms operating in at least two international markets. The findings suggest that standardization affects behavioral outcomes and international performance positively. This pattern of findings is in stark contrast to findings on standardization versus adaptation of the marketing mix, which have documented, for the most part, that adaptation is superior.

Standardization items were introduced with the following: "Regardless of the markets we operate in, we/our representatives...."

Coordination

1. We work on projects tailored to our joint needs.
2. We work together to exploit unique opportunities.
3. We and our reps are always looking for synergies to do business together.

Representatives' Support

1. Support by our own salespersons
2. Technical guidance
3. Financial assistance
4. Training for servicing and repair
5. Training for marketing
6. Training for product use
7. Our own advertising and promotion in their market
8. Advertising and promotion in their market on a cost-sharing basis
9. Support by our own salespersons

Representatives' Autonomy

1. Organize their business as they see fit.
2. Set their own work standards.
3. Make most of decisions that affect the way they perform.
4. Schedule their own work activities.
5. Determine their own operational routine.

Control of the Representatives

1. Monitors the reps' marketing activities.
2. Directs the reps' marketing activities.

3. Evaluates the reps' marketing activities.
4. Rewards the reps' marketing activities.

Communication with the Representatives

1. Our relationships with our reps benefit from adequate communications.
2. There are no communication failures between us and reps.
3. Our reps often inform us early enough about critical problems.
4. Our reps keep us informed about important issues.
5. Our reps communicate their expectations from us.

Representatives' Cooperation

1. Are conscientious and responsive about maintaining a cooperative relationship.
2. Are willing to collaborate with us to enhance the smooth operation of the relationship.
3. Always act in ways that promote mutual interests.
4. Are interested in assisting our company to achieve business goals/objectives.

Representatives' Esprit de Corps

1. Our reps are genuinely concerned about our needs and problems.
2. A team spirit pervades all our reps.
3. Working for us is like being a part of a big family.
4. Our reps feel emotionally attached to each other.
5. Our reps feel like they are "in it together."
6. Our reps have an "esprit de corps."

Representatives' Commitment

1. Our reps feel as though their future is intimately linked to ours.

2. Our reps would be happy to make personal sacrifices if it were important for our company's well-being.

3. The bonds between our company and our reps are strong.

4. In general, our reps are proud to work for us.

5. Our reps often go above and beyond the call of duty to ensure our success.

6. Our reps have a high level of commitment to our company.

7. Our reps are fond of our company.

Export Performance ("Our Exports")

1. Has been very profitable.

2. Has generated a high volume of sales.

3. Has achieved rapid growth.

4. Has improved our global competitiveness.

5. Has strengthened our strategic position.

6. Has significantly increased our global market share.

7. The performance of this product (product group) has been very satisfactory.

8. Has been very successful.

9. Has fully met our expectations.

NOTE

1. We thank a reviewer for suggesting this post hoc test.

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