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Chutzpah-driven export marketing: effects on export responsiveness and performance

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Chutzpah-driven Export Marketing: Effects on Export Responsiveness and Performance

Abstract

As the business arena becomes more dynamic and global, organizations need to think in terms of breaking boundaries to be noticed and enhance performance. Chutzpah, defined as 'laudable audacity or apparent effrontery that actually conceals a brave and often new approach to subject or endeavor' (Schultz, 2007, p. 209) typifies an increasingly common way in which organizations break boundaries. While observed in a large variety of sectors (e.g., hospitality, law, sport, medicine, entertainment, biotechnology, politics, finance, public policy), Chutzpah remains under-studied. This paper examines the role of Chutzpah in driving responsiveness to export market and export performance. Based on theory development, in-depth interviews, and survey data from 149 Israeli exporters we find that Chutzpah has two facets, namely audacity and norm violation. Structural model results reveal that the former is positively related to responsiveness, while the latter is negatively related. Both affect export performance via responsiveness.

Introduction

Exporters have proven to be relatively more resilient to the economic crisis of the last decade than most other forms of organizations. This is attributed to their exposure to foreign markets that drives increased levels of innovation, as well as to their entrepreneurship (REF – Boso et al? - check). Exporting has, in fact, often been described as an entrepreneurial act (Ibeh and Young, 2001). In turn, entrepreneurship orientation advances firms' global competitiveness (Lee and Peterson, 2000), and overall performance (De Clercq et al. 2010; Rauch et al. 2009; Wang 2008).

Entrepreneurship orientation is typically modelled as proactiveness, risk taking, and competitive aggressiveness (Lyon et al. 2000), all of which characteristics that exporters require

to operate successfully in the global sphere. Increasingly, however, organizations benefit from going further in their efforts to be noticed and stand out in complex, dynamic, global markets. In this context, many industries and sectors now include organizations that push boundaries and defy conventions in a bid to attract attention. The origin of such behavior is hard to place but may arguably take its root in the Jewish culture. The Yiddish word describing the purposeful defiance of convention, Chutzpah, is engrained in popular culture and contemporary affairs, and used in a wide-spanning set of contexts in non-academic publications, such as biotechnology (Anonymous, 2005), finance (Friedman, 2006), public policy (Schultz, 2007), and innovation (Madden, 2010).

Chutzpah is defined as a 'laudable audacity or apparent effrontery that actually conceals a brave and often new approach to subject or endeavour' (Schultz, 2007, p. 209). It is often favored over 'traditional' ways as a mean of creating new ways of thinking (Schultz, 2007), making things happen (Corcoran, 2005), overcoming fear (Dershowitz, 1992), and optimizing viability (Hill, 2004).

However, a multidisciplinary review of Chutzpah in the academic management and business literature paints an anemic picture. Chutzpah is argued to contribute to firms' success and competitiveness (Schultz, 2007), though surprisingly, very little can be found in peer-reviewed scientific journals on what constitutes Chutzpah and how it can be harnessed by organizations in general, and export marketers in particular. In light of the extensive use of the term Chutzpah (Zeigler, 2012), we aim to explore the relationship between Chutzpah-driven export marketing and export performance. Furthermore, given the centrality of responsiveness (the ability to rapidly respond to changes in the market) to export performance (e.g., Nemkova et al. 2015), we posit its mediating role in the Chutzpah-performance relationship.

Background and Hypotheses Development

While a thorough discussion of Chutzpah's aspects is beyond the scope of the current paper, we rely on general literature and initial in-depth interviews performed (see method section) with export managers. Chutzpah appears a complex phenomenon involving multiple attributes. On the one side, Chutzpah contains elements such as being brazen, daring and confident. Another side of Chutzpah is manifested through norm violation, non-conformism and overstepping boundaries. The qualitative interviews with export managers suggest that Chutzpah is best represented as a dichotomy of the former and the latter. In other words, Chutzpah can be manifested as audacity and/or norm violation. While very little research exists on Chutzpah, the entrepreneurship literature informs us that risk-taking brings benefits to organizations (Rukuiziene, 2012; Zgheib et al. 2011). In turn, we draw a parallel between audacity and risk-taking, and argue that audacity will speed up responses to market changes (export responsiveness) through, for example, managers taking initiatives that bypass formal organizational processes. Thus, we expect the following.

H1a: Audacious Chutzpah will enhance export responsiveness
H1b: Audacious Chutzpah will enhance export performance

With regards to norm violation, export managers described Chutzpah as actions of transgression and irreverence, and considered them to be less desired in the business contest. Aggarwal (2004) found that violations of relationship norms influences marketing actions. Similar findings can also be found in the advertising field (Dahl et al. 2003), and in pricing (Ody-Brasier, 2014). That said, norm violations are not perceived as customer-oriented thinking (Luo 2006). The responsiveness construct, while defined as speed of response to change, is at the heart of market orientation, and reflects external orientation (being market-driven). Norm violation, on the other hand, may arguably be a more market-driving approach to doing export business, whereby the

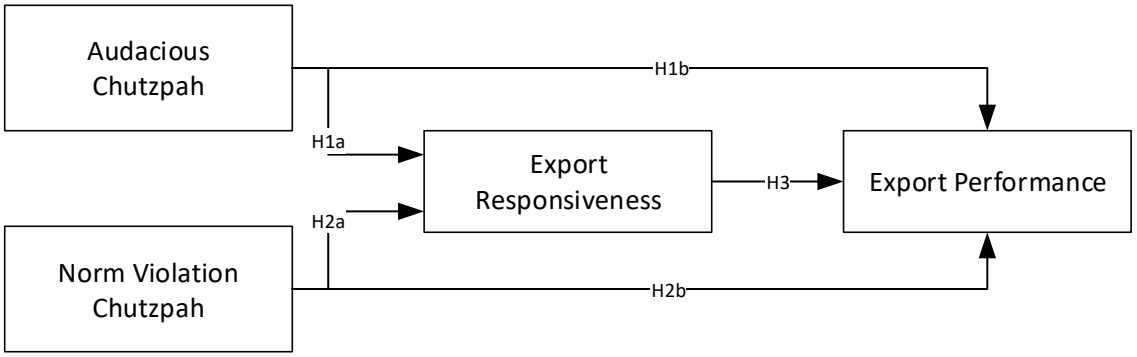
exporter is not led by the market in what is being decided/done, but led by more intrinsic motives. We therefore suggest that norm violation may be negatively related to export responsiveness.

H2a: Norm Violation Chutzpah will reduce export responsiveness
H2b: Norm Violating Chutzpah will reduce export performance

Finally, the link between responsiveness and performance is long established (Kirca et al. 2005). We include it here, however, as a validation hypothesis of the impact of Chutzpah in an export context. Hence:

H3: Export responsiveness will enhance export performance

Research Model



Method

First, the study was conducted within the context of export marketers, due to the fact that firms operating in the global arena are required to use behaviors that make them stand out (Boso et al. 2013a). The sample frame was formed based on D&B list of Israeli exporters. The respondents were approached first by phone call to reassure their relevance to the study in term of position and experience. All respondents were key participants in the decision-making processes in their firms. An online survey-based questionnaire was distributed by Qualtrics. At the end of the process, 149 usable questionnaires were received (a 23% response rate). Audacity

and norm violation scales were based on a pool of items generated from in-depth interviews with 24 export managers. This resulted in a pool of 14 items reflecting Chutzpah behavior in general. Next, we run an exploratory factor analysis which resulted (after a process of eliminating items which loaded onto both factors), with two factors of Chutzpah. The first dimension, audacious Chutzpah, contains 4-items: "we are regarded as daring", we are brazen in our approach", "we have courage to make unusual decision" and "we have the nerve to act with impudence if needed". The second dimension, norm violation Chutzpah, contains 4-items: "we very often overstep boundaries when making decision", "we do not, as a rule, like to conform to what is expected", "we do not follow any norms we might be expect to follow" and "some of our business partners and/or customers might think us impertinent".

The export responsiveness scale was sourced from Murray et al. (2011) (3-item scale). Export performance was measured using Zou et al.'s (1998) (3-item scale), following Katsikeas et al.'s (2016) recommendation to test distinct aspects of performance rather than overall latent performance measure.

Findings

The CFA's fit statistics (χ 2 = 160.13, *df* = 91, *p* = .000 IFI = .94, CFI = .93 and RMSEA = .07) suggest an acceptable model. The goodness-of-fit indices for the structural model suggest a good fit (χ^2 = 175.69, *df* = 98, *p*-value = .000, IFI = .93, CFI = .93 and RMSEA = .07). All constructs have acceptable levels of reliability, with the composite reliability coefficients ranging from .75 to .92 for each construct, exceeding the .7 recommended threshold (Nunnally 1978). R^2 values for the variance explained of export responsiveness was .49 and R^2 of export performance was .23. In support of H1a, audacity and export responsiveness are related positively (β = .77, *p* =

.000). In contrast, H1b was rejected as the relationship between daring Chutzpah and performance was not significant (β = -.02, p = .879). The data support H2a, relating negative relationship between norm violation and export responsiveness (β = -.31, p = .005). In contrast, H2b was rejected as the relationship between norm violation and performance was not significant (β = -.03, p = .786). In support of H3 export responsiveness enhanced firm export performance (β = .45, p = .002).

Post hoc Analysis: Interaction of Audacity and Norm Violation Chutzpah

We also assessed the interaction of audacity and norm violation and its impact on export responsiveness and export performance. For the interaction term, audacity and norm violation measures were first standardized and then a single item indicator representing the combined measures was calculated. The results of the structural model (with the interaction term) indicated a good fit to the data: $\chi 2 = 190.48$, $df = 110$, p-value = .000, IFI = .93, CFI = .92 and RMSEA = .07. The interaction effect of audacity and norm violation on export responsiveness was not significant ($\beta = .10$, $p = .260$). However, the interaction between audacity and norm violation affected export performance significantly and positively ($\beta = .26$, p = .003).

Discussion

This study provides insights into both the effect of Chutzpah-driven export marketing on export responsiveness, as well as the interplay between Chutzpah dimensions and export performance. In sum, our results reveal that Chutzpah is a complex phenomenon that contains both positive (audacity) and negative (norm violation) aspects. Our results indicate that these aspects have distinct effects on export responsiveness. While audacity is a strong enhancer of export responsiveness, to a certain degree its effect is offset by norm violation.

Contrary to our expectations, we found that audacity and norm violation did not impact export performance directly. A possible explanation is that Chutzpah resembles the nature of a

strategic orientation. As such, a simple *orientation–performance* link misses the needed 'action' component (Ketchen et al. 2007, Asseraf and Shoham 2014). Nevertheless, our post hoc analysis reveals that while neither audacity nor norm violation alone impact export performance directly, their interaction effect on export performance was positive and significant. This interesting finding is worth further consideration as it indicates that audacity and norm violation complement one another and offer a synergistic effect.

This research also holds important implications for managers. Based on our findings, we advise export managers to enhance the development of Chutzpah's audacity dimension. To harness such Chutzpah, export managers should look to develop values related to being daring, brazen and confident. However, we advise managers to refrain from norm violation in the form of overstepping boundaries and non-conformism. While this sound theoretically simple, it might be complicated in practice.

Taking it together, while it seems that Chutzpah helps export firms to respond in a timely manner to environmental changes, our research findings demonstrate that *there is good and bad in* Chutzpah.

Chutzpah research is in its infancy. Further research should perhaps further explore conditions under which Chutzpah dimensions have positive and negative effects on different outcomes (e.g., sale growth, profitability, customer satisfaction, trust and loyalty). Additionally, further research should examine the potential nonlinear relationship between facets of Chutzpah and export related outcomes.

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