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PROBLEMS IN TEACHING OF
INTERNATIONAL MARKETING

by

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PROBLEMS IN TEACHING OF INTERNATIONAL MARKETING

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Preliminary Research Paper
(Not to be quoted)

ABSTRACT

The question of initiating the process of application oriented education in International Marketing in countries like India is examined. Problems and issues in offering suitable programmes in this area for students of management and practising managers are elaborated.

PROBLEMS IN TEACHING OF INTERNATIONAL MARKETING

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INTRODUCTION

The paper owes its origin to a suggestion made to me by some of our FPM students for giving a course in International Marketing. An initial exploration of the subject raised a number of issues. Some of the problems one is likely to face in offering a course in International Marketing also came to the fore in recent discussions held on the subject with the International Trade Centre Consultants. It would be worthwhile to involve all interested persons in a meaningful dialogue on the subject and this paper may help initiate this process.

WHAT IS INTERNATIONAL MARKETING?

We may dwell for a while in the first instance on the basic concept of international marketing. We can do no better than to use the definition of international marketing as "the performance of business activities that direct the flow of a company's goods

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and services to the consumers or users in more than one nation" (Cateora and Hess, 1975). This appears an adequate description of the scope of the subject under consideration and will help us in developing the conceptual framework against which the problems of imparting instruction in international marketing can be analytically viewed.

It is also important to appreciate the evolution of international marketing from the more mundane, yet very earthy and practical, matters relating to export marketing. It is interesting to observe that in some business schools in the United States of America, chiefly those located in major port cities, the coverage of export marketing courses was expanded to include certain special aspects of export operations such as financing and documentation.

These somewhat narrow export marketing courses gradually moved out of business schools to other institutions. This development obviously owed its origins to the increasing emphasis on the emerging business concepts and managerial approach to the subject matter. The task of the professor attempting to design a course on International Marketing Management was, as a consequence, rendered more difficult. (Fayerweather, Boddewyn and Engberg, 1966).

The various courses offered under the umbrella of international marketing may be grouped under three broad categories:

a) Foreign Marketing :

Development of foreign markets and programmes appropriate to specific foreign markets.

b) Export Management :

Management of processes by which goods move from one country to another.

c) Global Marketing Management :

Development of methods appropriate to a corporation operating in and among several countries.

ENVIRONMENTAL CONTEXT

The theme of international marketing, in instruction and in application, is applicable to economies which are relatively free to undertake international marketing operations. The laissez faire system of international trade gradually gave way to increasing intervention by governments as the clash of the vested interests erupted in the form of the First World War. The inter-World War period, spanning a quarter of a century, eventually lead to the emergence of the global map in its present form. The political boundaries became better defined as an increasing number of countries

achieved nationhood in the post-Second World War era. This, in turn, necessitated many of these new nations, India being a typical example, to take steps for consolidating their domestic economies.

The emergent nations of the post Second World War period of last three decades may be divided into two very broad categories from the point of view of international trade, and hence international marketing. One group would include countries like India and Pakistan, which had to rely on industrial development as agriculture would not suffice the needs - to say nothing of rising expectations - of the people of these countries. This group of countries remained, at least until recently, chronically short of foreign exchange reserves as their exports of primary commodities were far from adequate for meeting their requirements of imports of machinery, equipment, components, industrial raw materials and fuel.

The second major group of countries would include a number of African nations, which have relatively small populations, and are rich either in mineral resources or are substantial producers of cash crops like coffee, and cocoa. These countries remained in a favourable position with regard to their foreign

exchange earnings and were able to maintain comparatively free imports. To this group may now be added the oil exporting countries which have been able to enhance substantially their purchasing power owing to the hike in the price of crude oil since late 1973. There are also a very few countries, like Singapore, which form a special class by themselves as they could maintain a fairly free trade system by virtue of their open trade orientation.

Impact of Regulation

The plethora of regulations and restrictions on international trade, which the countries in the first group had to use, obviously distorted the entire perspective of international marketing and narrowed it down quite considerably. Not only in their international dealings but also in the domestic industrial policies there was a considerable element of regulation. In India, for instance, the industrial policy, as stated in the Second Five Year Plan, effective since 1956, sought to provide guidelines for industrial developments. The avowed objects of this policy were primarily two-fold :

Firstly, to set up industries requiring huge investment in the public sector which were beyond the capabilities of private enterprises, or for that matter strategic and defence oriented industries, and

Secondly, to achieve better allocation of scarce resources like foreign exchange and raw materials.

The second objective gave rise to the system of regulation through licenses and other procedures and it remains an open question whether an alternative approach for achieving the same objective could have been more effective. What we are primarily concerned in the current context are the implications of this system which has now been in operation for over twenty years. There would indeed be variation in the extent of regulations in the countries grouped together as less developed countries. The pertinent point remains one of the inhibiting effect of the overriding environmental constraints on concerned individuals and institutions. This aspect has to be given its due weight considering that the era of regulation has spanned almost a generation.

It may not be out of place to make a passing reference to the problem of marketing education in general as teaching of marketing is obviously an extension of the former, only with added complexities owing to a variety of factors. Most of the less developed countries developed a strong production bias in respect of setting up of enterprises, and running them. The markets being largely in the nature of sellers' market were taken for granted owing to conditions of shortage, and the concept of marketing took possibly the last place (Mohan, 1970).

The Beginning of a New Era

There are, however, distinct signs of change and this is the most opportune moment to think about training managers of tomorrow who will not have the protection of a sellers' market, which in a way was aided by the mode of implementation of government policies - apparently in contradiction with the objectives which were sought to be achieved. Moreover, the substantially improved position of India's foreign exchange reserves has in turn lead to a major review of her trade policy which has been considerably liberalised, effective from the current financial year commenced 1st April 1978.*

*These policies were formulated on the basis of the Report of the Committee on Import-Export Policies and Procedures which was headed by Dr. P C Alexander, Secretary, Ministry of Commerce, Government of India, This report was submitted to the Government in January 1978.

In the new trade policy, emphasis has been shifted from contrals to development. Imports of raw materials, spare parts and components for industrial users will now be licensed only to a very limited extent. Global tenders will be permitted for imports of capital goods in fourteen priority industries which include power generation, transmission and distribution, fertilisers, mineral exploration, mining and beneficiation, petroleum exploration and production, petrochemicals and all cent-per-cent export oriented industries. This step implies a somewhat liberal and dynamic approach to the question of imports of technology, as recommended by the Committee. Both import and export policies will have an element of stability being valid for a three year period, unlike the annual changes in the past, so that a long-term trading perspective may be developed.

EDUCATIONAL PERSPECTIVE AND PROBLEMS

We find the environmental context amenable to the introduction of organised instruction in international marketing both in the business school setting and for actual participants in the process namely the emerging international marketing managers. Let us not ignore the other group of players in the game, the policy makers at the national and at the international level. The following observations highlighting the problems of initiating and organising such an educational process will generally apply to all categories of the potential recipients of various course of instruction. At the same time, we must not forget the person on the spot, the instructor who has to a lot learn in the process, looked at from a variety of angles.

The keynote of the theme of international marketing has been described by Richard Robinson in the following words: "One must understand that everything is rational within a context: the key is to understand the context" (Robinson, 1964).

A proper appreciation and comprehension of the majority of the basic issues in the area of international marketing hinges on developing an understanding of the context. This would generally apply to the problems of teaching international marketing anywhere, but particularly in the case of students, as well as teachers, in the less developed countries.

a. Lack of international marketing outlook

A reference may particularly be made to the lack of familiarity of marketing systems of other countries, particularly the developed countries, amongst the marketers and students of marketing in the less developed countries. It has been pointed out above that a somewhat primitive stage of the development of marketing in these countries implies a lower level of appreciation of the role of marketing in international operations. The practitioners as well as students and teachers of marketing are inclined to develop a myopic vision which in turn inhibits their taking a realistic view of the challenges in international markets. A characteristic feature, for instance, in most open markets is intense competition. People coming from largely uncompetitive environment will obviously find it difficult to fully appreciate the impact of this factor in planning of marketing activities and operations, and in developing new strategies.

b. Lack of Knowledge of Marketing Ecology

The wide divergence in socio-economic systems and cultural patterns of different groups of countries makes it a complex task for students to grasp these fundamental features and their implications for marketing. This would be particularly true of the basic

considerations required for developing effective advertising campaigns. Simon Majaro has coined a most appropriate term, 'Marketing Ecology', which integrates this spectrum of variables. (Majaro, 1977).

c. Lack of awareness of marketing practices

The marketing practices and systems vary considerably between the developed and the developing countries. The latter group of countries have a low key marketing approach as the growth of market potential is at its early stages in most of these countries. In the developed market economies, on the other hand, there is a widespread array of marketing inputs which is quite commonly used. This approach is reflected at all stages of marketing commencing from the conception of the product idea to its eventual development into an acceptable product, promotion and follow up of the product through the various stages of its life cycle.

There are two areas in which the divergence between two types of economies is particularly noticeable. In respect of marketing structure, distribution systems differ considerably. The element of service inherent in the less developed countries gives way to stocking and shelf space and display, supported by massive advertising and sales promotion, in the developing countries in the case of consumer products and particularly the DIY (Do It Yourself) range of products. The negotiating practices for industrial products too vary a great deal.

The process of market segmentation has received considerable attention in the developed countries while in the less developed countries, market segmentation for a large number of products is taken for granted as most of the products are within the reach of only the affluent sections of the society. The marketing planning on this basis can at times, however, be deceptive. This was illustrated in the case of products like transistor radio receivers much to the discomfort of the leading mains operated radio manufacturers in India.

d. Product Standards and Specifications

The product standards and specifications are guided by twin considerations of consumer acceptance, and governmental or voluntary regulation where questions of safety or suitability are relevant. In both these respects the gulf between the developed and the less developed countries is a wide one. Further, the norms may vary considerably within the latter group of nations depending upon the level of industrialisation, sophistication of technology and the stage of product usage in various strata of the society, as well as the availability of domestic and imported products. In this respect, the protected markets have an obvious handicap. It takes the marketers in these countries a long time to develop a meaningful appreciation of the consumer's point of view when they enter foreign markets.

e. Teaching Material

The above environmental factors are reflected in the lack of the wherewithal for teaching. In fact, the limited availability of suitable material whether in the form of textbooks, articles, or cases accentuates this problem quite considerably.

It is not particularly difficult to give a course in the theory of international trade or even carry out research work of a high standard in the less developed countries. The same, however, does not apply to designing an appropriate curriculum for international marketing, as the development of concepts remains a major challenge. Until some factual and empirical evidence can be collected over a period of time, abstraction will remain a distant objective. This obviously, is an area in which considerable work still remains to be done even in the developed countries. The rapid rate of change which affects the subject matter of international marketing necessitates immediate attention being given to the subject, otherwise the magnitude and the complexity of the task will keep on increasing.

f. Lack of Trained Teachers

The proverbial last straw on the camel's back comes in the form of lack of teachers who may have the necessary academic

training combined with exposure to business, both in domestic and international spheres. It is not difficult to locate top flight economists who may be fully conversant with business cycles, Keynesian economics or Marxist economic thought. But it may not be easy to come across persons in most of the less developed countries who can comment on the latest trends, say, in the United States, Japan or the EEC countries, and are in a position to harness that knowledge for marketing planning and projections. The rapidly changing international economic context requires a much better grasp of the background of a wide range of countries. This can be gained through opportunities to work on problems of some of these countries and in keeping up with the new developments. The problems, of access to current literature, both in terms of resources and organisation, become an additional handicap.

APPROACHES TO SOLVING THE PROBLEMS

It may be worthwhile venturing a few suggestions with a view to gradually overcoming some of the problems outlined above. There is, first of all, an imperative need for a reclassification of countries on the basis of their potential contribution to the growth of international marketing in its broad context covering goods and services, as well as technology and skills. The classification between developed and less developed or rich and poor,

hitherto, is an outcome of the old colonial system or a lining up of the haves and the havenots. The marketing of agricultural commodities and crude oil remain a subject for negotiations owing to relative uncertainty regarding the crop prospects and political manoeuvring respectively. The marketing of goods of industrial origin as well as those having substantial inputs as value added should be considered in a more open context. One can possibly envisage a classification of countries depending on their industrial base, the level of technology, the range of goods and services available as well as the skills and other resources which would be far better indicators of the growth potential than the conventional measures of GNP or GNP per head. Andre Van Dam makes a strong case for the marketing of upgraded and processed goods by the countries of the Third World considering that international marketing has of necessity, been largely concerned with marketing of manufactured goods (Van Dam, 1977).

Development of Teaching Material

A major developmental effort is required for developing both contextual and conceptual material. The cooperation from all sectors, namely business and industry, particularly those engaged in any form of international business, and international institutions as well as governmental and inter-governmental agencies is most

essential. The communication links should also be established between the business schools and universities in countries like India which are relatively new entrants to the arena of international marketing and the institutions in the developed countries where certain amount of work has already been done. The pay-off from such collaborative effort on a continuing basis will not be one-sided.

Educational Systems

It may not be out of place to refer to the basic educational systems of the emergent nations. There is an inbuilt tendency to take a narrow academic view of the purpose of education both in terms of its fundamental objectives as well as in its orientation in the global context. The first factor results in turning out, somewhat mechanically, certificate and degree holders who may not necessarily be application oriented. The second aspect may lead to a dogmatic type of nationalistic view point being taken by the young impressionistic minds in some of these countries. The relevance of this observation may be appreciated when we consider the broader role of international marketing (Austin, 1966).

Exposure to Foreign Environment

The corollary of the above is the need to increase the exposure of the individuals and institutions actively involved in the area of

international marketing to a variety of environments. This can be purposeful and effective only if the exposure and the interaction are properly planned and meaningfully harnessed. A variety of situations, for instance, can be envisaged. The officials of the Commerce and Trade departments in the Indian overseas missions of the countries concerned may develop a keener and more comprehensive sense of observation of the relevant marketing factors if an efficient marketing man, drawn from business world, were to operate in their midst for a short period, say, on an assignment basis. It is not always helpful to send abroad delegations of unconcerned persons as the experience has shown many such missions to be proving merely wasteful.

OBJECTIVES

The scope of the above presentation can now be used for setting certain objectives of undertaking the whole exercise. This issue has been deliberately kept towards the end of the paper, but, it is perhaps the most vital.

It would be certainly worthwhile to keep a broad perspective for international marketing, taking it beyond the realms of trade treaties, concessions and negotiations. International marketing should be viewed in the context of its potential contribution towards bringing in a New International Economic Order which may never be

attained through the via media of negotiations and conference tables. While every possible effort should be made to see that the revival of the protectionist phase amongst the industrialised nations should be curbed, the less industrialised countries should also endeavour to understand the problems of the former. The channels of international marketing will help in establishing meaningful communication.

A word of caution against the tendency to overspecialise is also in order. The subject matter of international marketing is far too broad in its basic orientation not only with regard to its geographical, economic, political, social, cultural, technological and ecological aspects, apart from its inherent inter-disciplinary nature, that it would be self-defeating to try to convert it into a technique dominated area of study.

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