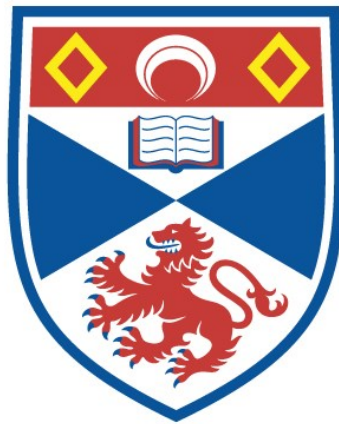


THE TRANSFERABILITY AND THE APPLICABILITY  
OF MARKETING KNOW-HOW TO DEVELOPING  
COUNTRIES : AN EMPIRICAL STUDY IN THE SAUDI  
MANUFACTURING SECTOR

Saleh Abdulla Al-Mulhem

A Thesis Submitted for the Degree of PhD  
at the  
University of St Andrews



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**SALEH ABDULLA AL-MULHEM**

**A THESES SUBMITTED FOR THE DEGREE OF  
DOCTOR PHILOSOPHY AT THE UNIVERSITY OF  
ST. ANDREWS**

**DEPARTMENT OF MANAGEMENT  
UNIVERSITY OF ST. ANDREWS  
JULY 2001**



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بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

*In the name of Allah most gracious most merciful*

## DECLARATION

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## ACKNOWLEDGMENTS

*In the name of Allah most gracious most merciful.*

*Praise be to Allah, the lord of the worlds. And the blessings and the peace be upon the last messenger of Allah, Mohammed peace be upon him.*

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*To the memory of my father*  
*(May Allah forgive him and bless him)*

## ABSTRACT

For two decades, although there has been agreement among marketing researchers that marketing has an important role to play in the development process in any country, there has been an ongoing debate about the question of the transferability of modern marketing knowledge from developed countries to developing countries come under this category social-cultural setting. Moreover, the situation of marketing in some developing countries is not clear, and Gulf Corporation Council Countries are concluded. The researcher has attempted to establish a link between these two issues and fill this gap by undertaking this study. Therefore, this research attempts to extend the application of marketing know-how (concepts and activities) in companies in the Saudi manufacturing sector.

Overall, the results of this research indicate that the majority of manufacturing companies in the Saudi manufacturing sector apply marketing activities on a regular basis and that marketing managers perceive the usefulness of marketing in their companies. The analysis showed that a number of marketing manager's characteristics have a relationship between them and the application of marketing activities. Higher qualifications, a specialisation in business administration, experience in marketing and participation in marketing training programmes impact positively on the application of modern marketing activities in the Saudi manufacturing sector. However, marketing managers' age, nationality, country of higher education, duration in current company, or membership in any professional marketing associations do not impact on the application of marketing activities in the Saudi manufacturing sector. Data analysis also showed that the majority of a company's characteristics impact on the application of marketing activities in the Saudi manufacturing sectors. Included in this are: the legal form of companies, the size of company, the level of a company's competition, and the availability of a marketing department in any company. However, type of manufacturing company, type of product, and number of product do not have any impact on applying marketing activities in the Saudi manufacturing sector.

This study linked the success of manufacturing companies by sales, profits and market share and the application of marketing know-how, and concluded that when marketing activities are applied in the Saudi manufacturing sector, company sales, profits and market share increase and make a company more successful.

Nevertheless, the study concluded that the majority of Saudi environmental factors are not obstacles to the application of marketing know-how in Saudi manufacturing companies. The stagnancy of governmental measures on commercial activities, lack of formal marketing education, lack of professional marketing personnel, and shortage of marketing information, were the only variables which were obstacles to the employment of marketing know-how in Saudi manufacturing companies. On the other hand, there are ten variables which are not obstacles to the employment of marketing know-how in Saudi manufacturing companies. These are: economic stability, prevalent religious values, competition in the market, focusing on production tasks rather than marketing tasks, and lack of advanced technology in the company. Finally, implications and recommendations for further research are presented in the last chapter of this study.

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# CHAPTER ONE

## Introduction and Overview of the Study

### 1.1 Rationale of the Study

Economic development has been and will continue to be the major concern of developing nations. A number of researchers view the mobilisation of industrial policies as being an important element in solving the problems facing developing countries (Al-Jaifery, 1999; Farhang, 1997; Ibrahim, 1998). Although manufacturing can be a main player in economic development it can only perform within the factors inherent in the sector.

One of the most important and influential factors in the success of a manufacturing business in relation to other factors, is marketing activity (Homburg, Workman, & Krohmer, 1999). As industrial companies must actively promote their products, they need to keep themselves informed about their market, customers, and the art of selling. The importance of marketing as a principal factor to stimulating economic growth in developing countries is therefore widely recognised (Appiah-Adu, 1998; Brooksbank, Kirby, & Wright, 1992; Hosley & Wee, 1988; Varadarajan & Satish, 1999; Yavas & Cavugil, 1989). However, the general attitude of policy makers in developing countries has been that most of their attention is directed towards production, investment and finance but marketing is not given equal attention. The prevailing attitude is that a good quality product at a reasonable price will be bought and the role of a marketing department is to sell the product using relevant methods (Mahasen, 1998). Therefore, The practice of marketing in developing countries is approximately 15 or 20 years behind the developed countries (Miller, 1994).

Consequently, a debate over the applicability of transferring marketing know-how to developing countries has emerged among researchers. Some argue that the roots of this practice are inherent in the culture of the United States and Western European countries and is not compatible with the culture of developing countries.

Saudi Arabia, as an example of a developing country, began to concentrate on industrial development to meet the strategic goals of economic and social development three decades ago (Al-Jaifery, 1999; Alma'lme, 1999; Ibrahim, 1998). Saudi Arabia is aiming to reduce its dependence on oil revenues by fostering private sector growth (Mitchell, 1999; Yamani, 1999). Fortunately, the Saudi government is supporting and encouraging national industry by selecting Saudi products for all government purchases (Ministry of Industry and Electricity, 1999). Consequently, the demand for Saudi products in the Saudi manufacturing sector has increased over the previous two decades.

However, Saudi Arabia is in the process of adopting the free market economy and the free competition system in the market. The Saudi market has attracted foreign companies and competition has increased considerably. Unfortunately, during the last decade, many Saudi businessmen have complained of the increase in supply over demand, and the surplus of products (Al-Enezee, Alhoamil, & Al-Ahmad, 1999; Al-Fehade, 1996). Consequently, sales have fallen, their market share has shrunk, and a substantial portion of their revenue has been lost (Al-Foraiane, 1994; Almadede, 1999; Al-Mulhem, 1997; Asslome, 1999; Idrees, 2000; Leonidou, 1995). A number of researchers have attributed this downturn in consequence of the weak of marketing activities in some of manufacturing companies in the Saudi manufacturing sector (Adgather, 1997; Al-Enezee, et al., 1999; Al-Fehade, 1996; Asslaiman, 1999; Asslome, 1999; Elangree, 1999; Yahya, 2000).



Moreover, at the end of the 20<sup>th</sup> century, Saudi Arabia applied to join the World Trade Organisation (WTO). Saudi Arabian manufacturing companies that are not aware of the importance of marketing are expected to face problems (Al-Turkestany, 1998). For instance, government support for manufacturing companies will cease, foreign competition will increase and product supply will increase as well. The state of marketing in the Saudi manufacturing sector is still unclear, as limited studies have been conducted and suggested more research in this issue (Al-Naeem, 1996; Bhuian, 1998; Leonidou, 1995; Tuncalp, 1988; Yavas, 1987).

## **1.2 The Objective of the Study**

The main objective of this study is to establish a true picture of marketing activities in the Saudi manufacturing sector to contribute to the debate concerning the transferability and applicability of marketing know-how (activities and concepts) to developing countries by highlighting the case of Saudi Arabia. To achieve this objective, the study has been organised to concentrate on the following detailed sub-objectives:

1. Investigating the extent to which marketing managers in Saudi manufacturing companies appreciate the benefits of modern marketing concepts such as market orientation, market segmentation, product positioning, product differentiation, brand loyalty, and marketing mix.
2. Investigating the extent and regularity of Saudi manufacturing companies applying marketing activities such as marketing planning, objective setting, evaluation and control, co-ordination and integration, market research, and motivation.

3. Exploring the relationship between the application of marketing know-how in the Saudi manufacturing sector and both marketing managers' characteristics and manufacturing companies' characteristics.
4. Exploring the barriers that may obstruct the Saudi Arabian environment as a developing country from benefiting from marketing know-how and how to deal with them. This issue has not been researched, up to the researcher's knowledge, in the Saudi environment before.
5. Investigating whether there are significant differences between Saudi manufacturing companies in their sales, profit or market shares when they employ marketing activities.
6. Introducing some recommendations that may assist Saudi industrial organisations to benefit from advanced marketing concepts and processes.

The study objectives are achieved by analyzing data collected through an empirical survey in the Saudi manufacturing sector. The survey, covering a cross-industry sample, is based on the questionnaire designed and interviews method to collect the data from marketing managers in the Saudi manufacturing sector. The data collected reflects marketing managers' opinions and perception.

### **1.3 The Importance of the Study**

The importance of the study can be summarised by the following points:

1. The study will contribute to resolving the dispute over advanced marketing technology being of value in developing countries: research material indirectly yet frequently refers to this issue, which as yet has not reached a conclusion. They stress the need for more research to collate the necessary results to be able to make

valid generalisations regarding this question (Akaah et al., 1988; Hildebrandt & Weiss, 1995; Hosley & Wee, 1988; Ross & McTavish, 1984).

2. This study will attempt to answer the question regarding the claims of marketing global theory, in order to turn it from being local to the Western nations to becoming more widespread internationally. Austen suggests that marketing will not find a better place to test its concepts and theories than developing countries (Austen, 1977).
3. There has been no marketing research into the countries of GCC. Previous studies have researched the following developing countries or regions: East Asia (Dadzie & Lee, 1991); China, (Benntt, 1998; Chan et al., 1993); Turkey (Yavas & Rountree, 1980; Yavas, 1987), Malaysia, (Mohamad, et al., 1992); Ghana, (Appiah-Adu, 1998); Nigeria, (Mitchell & Agenmomen, 1984); Sub-Saharan Africa (Deng, 1994), Egypt (El-Haddad, 1991; Hammad, 1991); and Central Europe (Fahy, et al. 2000). This study will reflect environment of GCC.
4. This study will cover the relationship between the application of marketing know-how and the successful of manufacturing companies. The three measures of the companies' performance and success which will be used are sales, profits and market share.
5. The Saudi market needs studies like this and will benefit from its results, because Saudi Arabia is in the process of adopting the free market economy and the free competition system in the market. Other developing countries can also benefit from the findings of this study.
6. Marketing know-how (concepts and activities) which is used in developed countries will be the benchmark of comparison for the companies and establishments in Saudi Arabia. This study will be of benefit to marketing

managers in Saudi manufacturing enterprises in revealing how to use marketing know-how and what are the internal and external impediments that hinder benefiting from such knowledge.

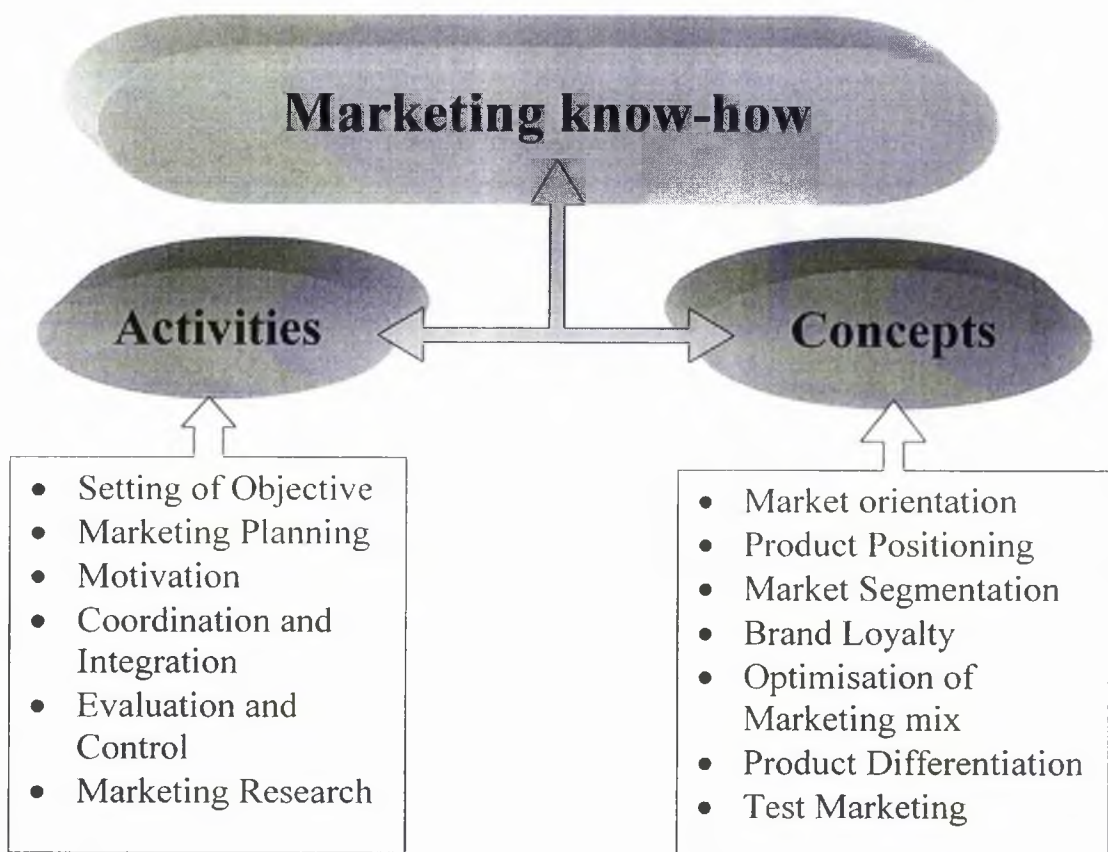
7. The dependence on modern marketing know-how of many business organisations is growing (Chan et al., 1993). Therefore, the Saudi manufacturing companies will benefit from this study because they will be the basis of the empirical work of the study.
8. The findings of this study are expected to be useful to: Saudi policy makers, higher education institutes of business administration and economics, Saudi private sector business organisations (e.g. chambers of commerce & industry) and moreover the foreign manufacturing companies which want to invest in the Saudi manufacturing sector. This study will enable them to design policies suited to help them achieve stability, growth, and success.

## **1.4 The Research Theoretical Framework**

There is no agreed definition of marketing know-how among researchers, however, many of them agree on some of its components. As a discipline, marketing know-how comprises concepts and activities that collectively define its framework (Akaah et. al., 1988; El-Haddad, 1991; Kotler, 1991; Mohamad et al., 1992; Pride & Ferrell, 1985). Both the concepts and activities contain many elements (see Figure 1.1). The elements of the marketing concepts as defined by the researchers, are market orientation, market segmentation, product positioning, product differentiation, the building of brand loyalty, test marketing and optimisation of marketing mix. The marketing mix is known as the 4 P's. The marketing mix comprises product, price, place and promotion.

On the other hand, the elements of marketing activities were derived from marketing concepts. According to El-Haddad (1991), marketing activities consist of seven elements: marketing planning, co-ordination and integration, motivation in both the material and moral sense, evaluation and control (analysis of the profit of products, markets, distribution channels, the market cost), and marketing research about this (customers, the competition, distribution channels, company profits, and the company's total sales).

**FIGURE 1.1**  
**MODEL OF MARKETING KNOW-HOW**

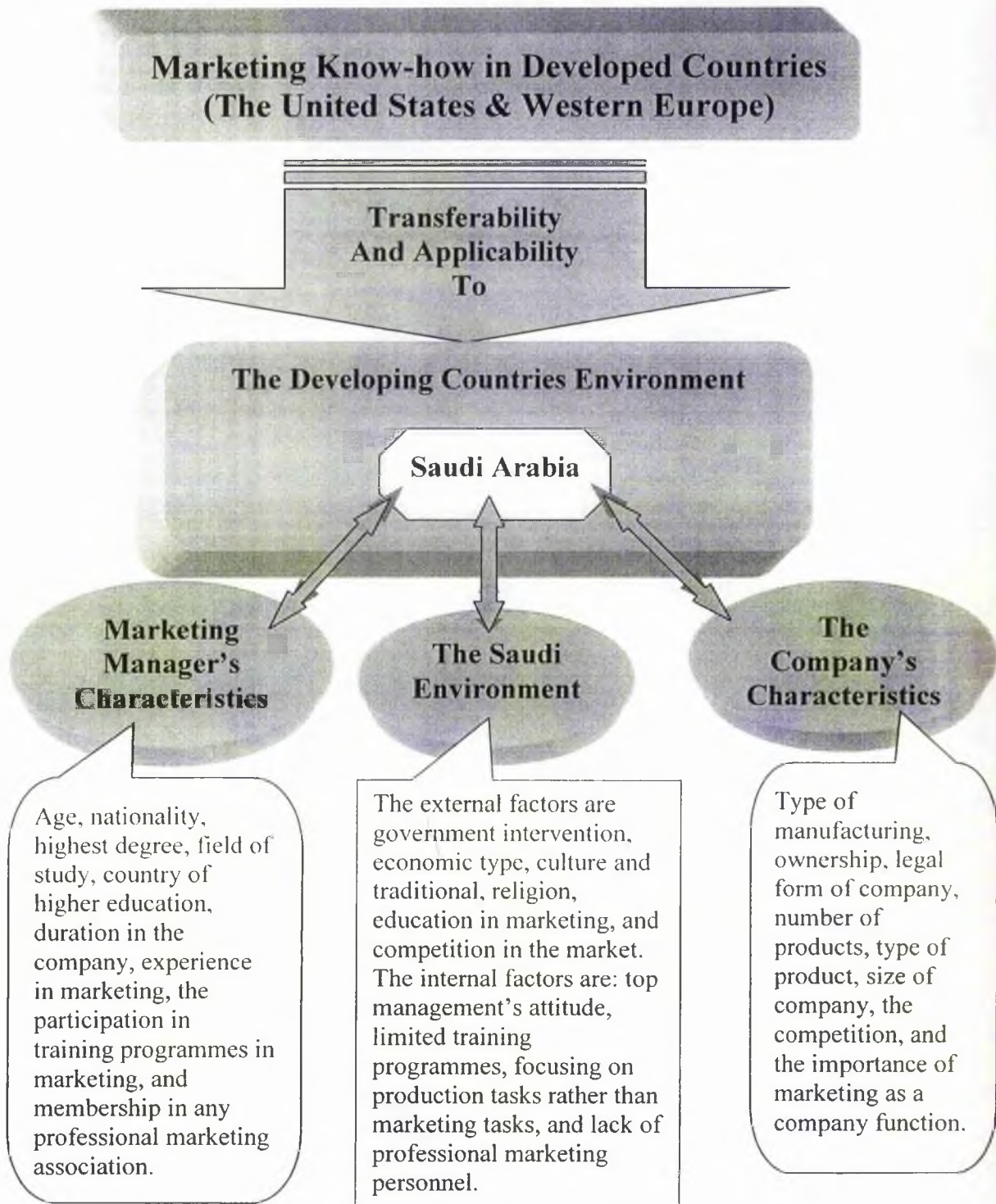


Source: Formulated by the researcher based on literature.

To explore the transferability and applicability of marketing know-how from developed countries to developing countries, the research framework in Figure 1.2 was chosen for this study. The framework studies the marketing know-how which was developed in the industrial culture of the United States and Western Europe, applicable in the developing countries particularly in the Saudi manufacturing sector. The transferability and applicability of marketing know-how (concepts and activities) in the developing countries would differ on the basis of three factors, which are the marketing manager's characteristics, the company's characteristics and the general environment (Akaah et al., 1988; El-Haddad, 1991; Hildebrandt & Weiss, 1995; Mitchell & Agenmomen, 1984; Mohamad, et al., 1992). Therefore, the framework of this study was chosen to reflect these factors that could lead us to a comprehensive understanding of many critical issues related to marketing know-how (concepts and activities) in the Saudi environment as one of the developing countries. Every one of these three factors has many elements.

With respect to the marketing manager's characteristics, the following are identified as pertinent: the age, nationality (i.e., Saudi or non-Saudi), highest degree (i.e., Masters, Bachelors or less than Bachelors), field of study, country of higher education, duration in the company, the experience in marketing field, participation in the training programmes in marketing field, and membership in any professional marketing association. The following company characteristics, which were also defined from the literature and Saudi manufacturing companies during the pilot study, are identified as pertinent: type of manufacturing, ownership, legal form of company, number of products, type of product (i.e., consumer products or industrial products), size of company (i.e., total investment or number of employees), the competition, and the importance of marketing as a company function.

**FIGURE 1.2**  
**THE RESEARCH THEORETICAL FRAMEWORK**



Source: Formulated by the researcher based on the literature and the objectives of the study.

With respect to the environment conditions in developing countries, many variables were collected which could impact the transfer and application of marketing know-how to developing countries. These variables concerned both the external environment and internal environment. Some in the external environment included government situation, economic type (i.e., market or non-market economy), culture and tradition, religion, education in the field of marketing, and competition in the market. Some of the internal factors were: top management's attitude, limited training programmes, focusing on production tasks rather than marketing tasks, and lack of professional marketing personnel.

## **1.5 Organisation of the study**

The structure of the study encompasses eight chapters. These chapters are presented in four main parts. Figure 1.3 shows the overall structure of the research and indicates how it has been developed in such a way as to link between the theoretical and the empirical work. The contents of each part will be discussed as follows:

### **1.5.1 Part One: Introduction**

This part includes this introductory chapter of the study, chapter one. This chapter has presented an overview of the main objectives of the research. In addition, the main objectives of the study, the importance of the study and the research theoretical framework have been described. And finally, a brief presentation of the organisation of the study is the last section of this chapter.



## **1.5.2 Part Two: Background to the Study**

This part represents the background information to the study, which includes chapters two, three and four. Chapter two is the beginning of the literature review. In this chapter, the existing related research in the literature is reviewed to determine the role of marketing in developing countries by identifying how marketing is involved in developing countries and the contributions of marketing in developing countries. Since there are differences of opinion among researchers concerning the transferability and application of marketing know-how (activities and concepts) in developing countries, this chapter will highlight the enormous debate among the researchers regarding the applicability of marketing activities and concepts to developing countries. There are three schools in this debate, each one with its own point of view and evidence for its opinion. This chapter will also cover the relationship between the application of marketing know-how and marketing manager characteristics, company characteristics and the effect of environmental factors.

After identifying the major functions of the transferability and application of marketing know-how in developing countries which will be seen in the literature, the researcher devoted chapter three and four to the environment and location of this research, Saudi Arabia. Chapter three presents general background information about the active environments in Saudi Arabia. These environments include four categories. The geography and demographic environment (area and borders, climate, language, religion, education and population) is the first, while the second is the social-culture environment (Saudi culture and Saudi society). The third is the political-legal environment (political system, legal system, Islamic law, taxation law, labour law and foreign investment law), and the economic environment (initial economic situation,

development plans, private sector role, GDP, revenue and expenditure) will be the fourth category.

Since this study will investigate marketing in the Saudi manufacturing sector, chapter four will present two main sections. The first section covers the industrial sector in Saudi Arabia. It discusses the historical review of industry and how it improved over a quarter of a century and how government encourages this sector to be more successful. Moreover, it explains the status and future of the manufacturing sector in Saudi Arabia. The second section will concern marketing in Saudi Arabia. This section introduces marketing in the beginning of Saudi Arabia as a new country, and the impact of marketing in the Saudi market after the discovery of oil. Finally, this section will highlight marketing from the perspective of Islamic faith.

### **1.5.3 Part Three: Empirical Activities of the Study**

This part consists of one chapter which describes the research design and methodology used in this study. The questions and hypotheses developed from the literature review will start this chapter, followed by a discussion on the design of the study. The researcher will highlight several methodological issues to link with this study such as: data collection methods, instrument design, sampling procedure and sample frame. It explains the method used to collect the required data, the justification of the method being used, and the procedures employed in collecting the data. Moreover, the two methods used to collect the necessary data (quantitative and qualitative) will be discussed in more depth in this chapter. A detailed section discusses the justification for using mailed questionnaires along with an explanation of the development, piloting and final design of the questionnaire used in this research.

#### **1.5.4 Part Four: The Findings and Conclusions**

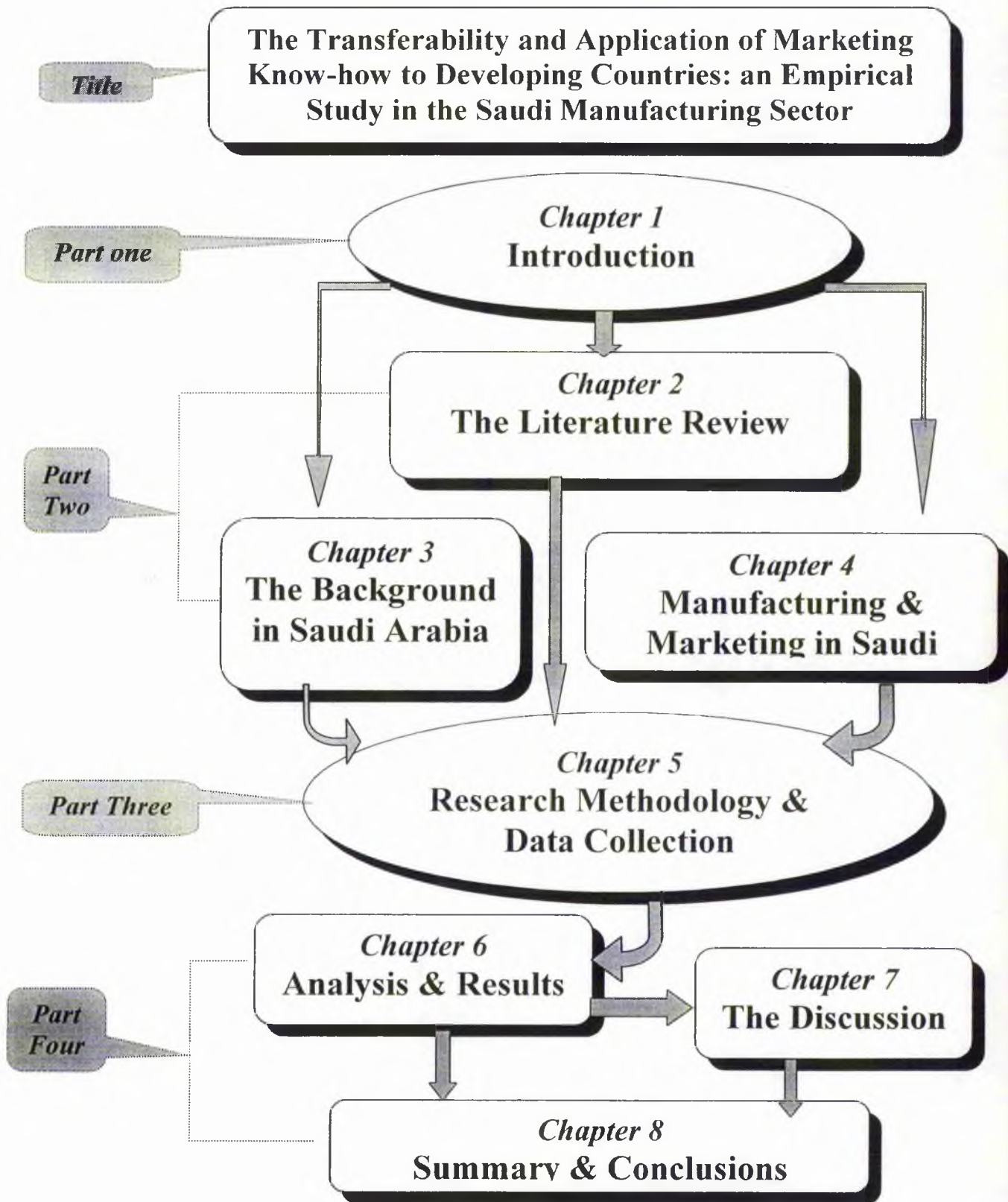
This part will be the last part of the study, encompassing three chapters. This part will analyse the data which was collected in chapter five and discuss the results of this data to arrive at conclusions, recommendations, and suggestions for further research. This will be covered in chapters six, seven and eight.

The data analysis and obtaining the main quantitative and qualitative results will be in the sixth chapter. It begins by introducing the reader to the statistical procedures used. Then the chapter provides a general descriptive analysis to present the results of the response rate, the representativeness of the responses, the early and late responses bias test, the respondent and non-respondent bias test, the descriptive statistic, and the results of the reliability test. Secondly, it presents the results of the questions and hypothesis testing. It discusses the significant findings regarding the application of marketing activities, the usefulness of marketing concepts, and the barriers to using marketing know-how in the Saudi manufacturing sector. Finally, this chapter also includes the results obtained through the personal interviews which were carried out. These interviews give the study extra information and necessary data about the situation of manufacturing companies in Saudi Arabia.

Chapter seven is dedicated to a discussion of the results reached both through the mail questionnaires and the personal interviews, which are the quantitative and qualitative approaches. Firstly, it starts with a general summary of the significant findings of the research, and then the chapter clarifies the results, presents an explanation of the major findings, and compares them with other conclusions reached by other studies, which will be detailed in chapter two. Finally, chapter eight presents the summary and general conclusion of this research. First, it discusses the main contributions of the study, while the limitation of the study will be in the second

section. This chapter will also discuss the implications and recommendations of the findings of the research at all levels such as government, manufacturing companies, and foreign investors. The chapter discusses some suggestions for further research in the future.

**FIGURE 1.3**  
**THE STRUCTURE OF THE THESIS**



# CHAPTER TWO

## Literature Review

### 2.1. Introduction

The importance of marketing know-how in developing countries derives from the central role of marketing in modern economic growth (Al-Turkestany, 1998; Czinkota & Ronkainen, 1992; Drucker, 1992; Thomas, 1998). As developed countries use marketing know-how (concepts and activities) in many fields (economically, socially, and commercially) while most developing countries have remained in their infancy or early growth stage, many questions have been raised by researchers on this issue. For example: to what extent could the developing countries employ marketing know-how (concepts and activities) in their economic development? And to what extent do marketing managers in developing countries perceive the benefit of modern marketing concepts and practices in their companies? Will the environment conditions in developing countries present obstacles to the transfer of marketing know-how and its application in their markets?

Consequently, the main objective of this research is to explore three things. First, to investigate the applicability of the transfer of marketing activities to the Saudi manufacturing sector and the attitude of marketing managers towards the benefit of marketing concepts to their work. Second, to establish the relationship between the application of marketing activities and the success of Saudi manufacturing companies. Third, to explore the environmental factors in Saudi Arabia and define which environmental factors are obstacles to applying marketing activities to the Saudi manufacturing sector.

To achieve the objectives of this research, the following chapter will review a selection of the research published in the literature relating to those three objectives. This chapter will be divided into three sections. After this introduction, the first section of this chapter will discuss some of the published research covering marketing in developing countries. The objective of this section is to define the evolution of marketing discipline particularly in developing countries and the role of marketing in developing countries. In the second section, we will review some of the published research related to the attitude towards and empirical evidence on transferability of marketing know-how to developing countries. The third section contains some of the published research related to the variables affecting the transfer of marketing know-how to developing countries. These variables are the characteristics of companies, the characteristics of marketing managers, and some variables affecting environment factors.

## **2.2 Marketing in the Developing Countries**

Marketing scholars agree that it is very difficult to investigate all marketing fields in developing countries. So the present section concentrates on two issues relating to marketing in the developing countries. First, how marketing evolved in developing countries. Second, the role of marketing in developing countries.

### **2.2.1 Evolution of Marketing Discipline Particularly in Developing Countries**

At the beginning of the last century (1900), marketing was a departure from the discipline of economics, and there was no indication of what it might become (Bartels, 1983). However, after World War II, more attention was paid to the discipline of marketing as increasing industrialisation led to an expansion of public

production and therefore to a market surplus of products. From this time on, scholars and researchers have concentrated primarily on marketing and its development as they realised marketing was one of the most important functions in the success of manufacturing corporations (Hosley & Wee, 1988). Finally, in the recent past, some marketers have placed the customer rather than marketing at the centre of the company. However the majority of marketing scholars believe that marketing still needs to command a central company position because customers' needs are to be correctly interpreted and efficiently satisfied (Kotler, 1991).

However, this concentration and consideration was unfortunately only in developed countries, particularly in the United States, which was increasingly coming to grips with the responsibilities resulting from providing new leadership in the free world (Drucker, 1992; Emlen, 1958). At the same time, developing countries have no idea of or interest in this topic (Samiee, 1993).

In the sixties, developed countries began to look at length at developing countries, and they gave consideration to growth and acceleration with divergence and convergence of economic development in developing countries (Sheehy, 1996). This consideration from Western companies was not helping developing countries as much as it was an advantage for expanding their economy (Kotler & Dholakia, 1986; Miller, Glen, Jaspersen, & Karmoklias, 1997). The reason for that is because developing nations purchase a very large volume of products and services from the developed nations (Bennett, 1998; Miller, 1997; Samiee, 1993), and the developed countries attempt to retain developing countries only as a source of raw material for industrial countries (Cundiff & Hilger, 1984). Many government officials and planners in developing countries thought this consideration would help them to improve their economic position. Hence they required foreign firms to use local agents and invest



their money in these countries, e.g. in Turkey (Miller, 1988); Egypt (El-Haddad, 1986); Asian Pacific (Strizzi & Kindra, 1998); and China (Farhang, 1997).

In spite of this recognition of developing countries, marketing was treated with neglect in these countries (Drucker, 1992; Miller & Levin, 1993; Ogwo, 1987). The majority of developing countries are primarily production oriented because they support their manufacturing sector by guaranteeing the purchase of the output of the companies (Bhuiyan, 1998). Therefore, they concentrated on transferring technology and investment to their countries to compensate for a shortage of goods and services, and the solution was to increase production because they also thought that anything produced can be sold (Bhuiyan, 1998; Cundiff & Hilger, 1984; Miller & Levin, 1993; Yavas & Cavusgil, 1989). El-Haddad (1986) argued that “Developmental plans ignore marketing, assuming that it is a passive activity which will somehow be performed once production is increased”(p. 178). Moreover, marketing as practised in developing countries was not relevant because it focused on identifying needs and wants, and was out of keeping in an environment characterised by scarcity (Hosley & Wee, 1988; Kaynak & Cavusgil, 1982; Keegan, 1989; Miller, 1997). On the other hand, when they insisted on transferring the technology, they faced many problems not only in different development stages of the transfer process but also at different levels, namely the enterprise level and the national level (Farhang, 1997).

Over the last two decades, many researchers and scholars have paid more attention to the marketing discipline in developing countries. Besides, the students from developing countries who studied at Western Universities and graduated in the marketing field, were very effective as teachers, researchers, and practitioners in their countries (Cavusgil & Yavas, 1984; Samli & Kaynak, 1984; Yavas, Dilber & Arsan,

1991). So, in the 1980s, the developing countries aspired more than ever to economic growth and better standards of living. Research in several areas has been reported.

During the beginning of the last decade, mankind began to share the same vision, the same goals and hopes, and beliefs in the same tools. Industrialisation might have been part of this vision (Durcker, 1992). The future role of the General Agreement on Tariffs and Trade, and the technology revolution, e.g. the Internet, were the main reasons for all developing countries to recognize the role and importance of marketing in economic development (Al-Turkestany, 1998; Czinkota & Ronkainen, 1992; Thomas, 1998). During this time, reports have been published of concentrating and increasing the revival of marketing in developing countries. Some researchers requested that all marketing technologies and discipline should be transferred from developed countries to developing countries because there are many roles and benefits that marketing can make it in developing countries (Appiah-Adu, 1998; Farhang, 1997; Hammad, 1991; Miller & Levin, 1993). Some of these contributions will be explored in the next sub-section.

### **2.2.2 The Role of Marketing in Developing Countries**

Based on the previous section it was observed how marketing researchers have been concerned with marketing in developed countries rather than developing countries. Irrespective of this apparent neglect or the lack of marketing knowledge and economic development in developing countries, marketing discipline can make a considerable contribution to these countries. Marketing plays a major role in relating to the other functions in any firm (Homburg et al., 1999) Moreover, the companies in developed countries or even developing countries can make their future more secure with marketing know-how (Francese, 1995). Emlen (1958) argued that "Production

may be the door to economic growth of the developing countries, but marketing is the key that turns the lock” (p. 70).

More specifically, any community hopes to be the best in everything. Marketing can participate with other elements to achieve these objectives. The following is an attempt to outline these contributions:

### **2.2.2.1 Economic Development**

Generally speaking, a main problem that is encountered by many developing countries is their deficiency in economic development, because they are characterised by dual economies, low rate of economic growth, very low productivity, stagflation, rapidly growing population, poor infrastructure, high trade barriers, changing laws and low level of capital for investment (Okoroafo, 1996; Rhodd, 1993; Ross & McTavish, 1984; Roxas & Huszagh, 1996; Samli & Kaynak, 1984).

Marketing can assist in economic development problems of developing countries in several ways (Dadzie et al., 1989; Dadzie & Lee, 1991; Hammad, 1991). For instance, marketing can play a fundamental role in micro-enterprise development and is an important factor particularly in the growth potential of small, rural-based, income-generating operations (Miller & Levin, 1993). Thus, marketing can contribute to an increase in exports to other developing countries or even developed countries (Gripsrud & Benito, 1995). Marketing institutions in developing countries also represent a dynamic element for breaking poverty cycles (Sandhusen, 1987).

Moreover, Cundiff and Hilger (1984) believe that “at certain levels of development marketing is not just helpful, but is essential to economic development” (p. 37). While Hosley and Wee (1988) concluded that the importance of marketing in developing countries comes from its contribution to closing the widening gaps between North and South countries. Marketing can be a potent catalyst in economic

development, and marketing practices can result in organization, augmentation, and acceleration of economic development (Appiah-Adu, 1998; Dadzie et al., 1989; Dadzie & Lee, 1991; Etemad, 1984). Drucker (1992) concluded that marketing has a special central role to play in developing countries, like achieving most sales with the least cost, and integration between the customers' needs with productive resources.

In India, the dairy development programme was instituted over three decades ago. This project achieved good prosperity, particularly in urban areas. However, over the years, the supply exceeded the demand for liquid milk. The Anand Co-operatives adopted and applied some marketing activities within their functions. The co-operative succeeded in solving the problem and provides a market for the rural dairy farmer (Ali & Bhargava, 1998). Marketing knowledge helped foreign investors to overcome the costs of doing business in Central Europe and gave foreign investors a potential source of competitive advantage in their host market (Fahy, et al., 2000).

Marketing would be one of the most important contributions to development in developing countries by directing the manufacturing sector to produce quality products, convenient standards, inexpensive price, choosing the best distribution channels, and promoting satisfaction. All this information would give companies advice on how to achieve maximum production, which would help to reduce the cost and price, then increase sales and profits (Appiah-Adu, 1998; Drucker, 1992; Kinsey, 1982). Moreover, basic marketing principles can be applied to real government situations and contribute successfully in all public fields (Beveridge, 1995; Snavely, 1991).

In short, based on the above view, marketing activity of any economy is necessary to any country because it helps in improving the quality of life, providing

consumer satisfaction, improving communication functions, creating jobs and in uplifting overall economic development (Firoze & Maghrabi, 1994).

### **2.2.2.2 Marketing as a Source of Managers and Employment**

In general, all manufacturing companies need qualified entrepreneurs and managers. Developing countries particularly need them more than the others because developing countries lack these kinds of people (Al-Shaikh, 1998; El-Haddad, 1991; Okoroafo & Russow, 1993). Management researchers and scholars are in total agreement in the belief that marketing is an important source of supplying businessmen and managers, and provide managerial guidelines to executives (Chan et al., 1993; Hammad, 1991).

In addition, a marketing system contributes to solving the unemployment problem because the marketing sector grows and multiplies its functions, so many employment opportunities will be created. For example, in the United States 25 to 35 percent of employed people have jobs directly or indirectly related to marketing functions (Sandhusen, 1987). Consequently, marketing can help developing countries to achieve this objective by promoting multinational corporations to invest in their environment and enlarge their commercial activity (Carroll, 1992; Froze & Maghrabi, 1994).

### **2.2.2.3 Marketing Activities**

Most marketing activities (such as marketing research, production, distribution, and promotion) have tangible effects and impact greatly on many areas in developing countries such as the economical, cultural, political, or social field. These activities are illustrated and discussed below.

**Marketing research** can play an important role and make a significant contribution to developing countries' environment. It is of benefit and is important to

firms, consumers, and society. The companies are expected to benefit from marketing research in many ways. First, it helps in the choice of the best distribution channels for their products, which may reduce cost. Second, it helps to increase sales because it can help firms to discover consumer wants and help make successful predictions to fulfil them (El-Haddad, 1980). Third, it is one area which uses an effective tool for the best utilisation of local resources (Aydin & Terpstra, 1981). Fourth, it can help domestic markets to close the gap between production possibilities and demand by providing the producers with information such as the capacity of the market and their market share (Drucker, 1992).

Marketing research can also benefit the customers. Through marketing research the customer can find and get goods at a satisfactory price, quality, and service (Aydin & Terpstra, 1981; Miller & Levin, 1993). It can make the consumer capable of discrimination in achieving the greatest value for very limited purchasing power (Drucker, 1992).

Regarding society, marketing can make a real contribution to the modernization of developing countries and to the enhancement of the welfare of their citizens (Cavusgil, Amine, & Vital, 1983). It helps firms to increase exports when they evaluate external demand for their countries' output (Aydin & Terpstra, 1981; Gripsrud & Benito, 1995). And its use appears to increase with greater economic development (Samiee, 1993). Finally, these kinds of marketing research will help reduce the gap between developed countries and developing countries (Samli & Kaynak, 1984).

**Distribution** channels in a country are like arteries in a human body. Any corporation that has efficient distribution can increase the total output of its production with less waste and spoilage of goods because all consumers will get their goods in

time and at a convenient place (Hammad, 1991). Moreover, a marketing system, by providing an adequate distribution, contributes to improving and renewing storage and transportation facilities (Drucker, 1992). Accordingly, efficient distribution in developing countries can help the growing economy, increase production, and expand markets (Cundiff & Hilger, 1984; Hammad, 1991; Kinsey, 1982; Samiee, 1993).

**Production strategy** can contribute in many things, for example, marketing profiting by the allocation of resources instead of importing something from overseas. So this method can contribute to customer welfare through reducing the cost, and increasing markets, sales, and profits (Hammad, 1991; Miller & Levin, 1993). The experience of marketing can help companies in developing countries produce many consumer products with standards and specifications which conform to customers' income, tradition, and needs (Drucker, 1992).

Furthermore, the role of marketing in developing countries is not only important for general product activities, but it is particularly important for new products. Unfortunately, the failure rate of new products remains high, and developing new products is very risky since new product failures can cost hundreds of millions of dollars (Calantone, Jeffrey, & Song, 1996). Song, Montoya-Weiss, and Jeffrey (1997) raised the role of marketing in developing successful new product in South Korea and Taiwan. They concluded that "marketing skill synergy is important for new product success and proficiency in marketing activities enhances new product performance" (p. 67).

By **promotion activities**, marketing can help developing countries to achieve some of their economic and political goals. The majority of markets in developing countries are characterized as sellers' markets. Promotion plays an important role in rationalization of convincing customers to avoid the wastage of scarcity production

and encouraging them to buy substitute products. A number of developing countries are encountering three problems: poverty, disease and ignorance. Marketing discipline with other activities participates to reduce the spread of these disadvantages. Many developed countries profit from marketing activities, particularly advertising and direct marketing. To this aim, for instance, Health and Welfare Canada has employed marketing strategies to promote social change in Canada by incorporating social marketing principles and techniques in its health promotion programme (Mintz, 1993).

Advertising can participate in increasing the cultural level in developing countries by many kinds of mass media. For instance, the production cost of newspaper or magazines would necessitate a high retail price if they did not benefit from commercial advertising to augment their income. Therefore, due to these low prices, many people in developing countries can buy a newspaper or magazine and can consequently raise their cultural awareness. Even in term of political aims, marketing can help politicians to achieve their objectives by promotion campaigns (El-Masree, 1996).

The conclusion in this section is that during the last two decades many developing countries have observed that marketing has played an important role in many fields including the economic, political, and social culture. Although marketing is not a panacea for every problem, it would reduce or solve some problems with support from all the peripheral. After this discussion, we can develop one of the main hypotheses of this study.

**Applying marketing know-how in manufacturing companies will not help to increase total sales, profits or market share in developing countries.**



However, there is agreement among the researchers that developed countries preceded developing countries in this field and benefited from it in actualising their objectives (El-Masree, 1996; Farhang, 1997; Hammad, 1991; Samiee, 1993). This is the reason for the on-going debates between the researchers about the transferability and applicability of marketing know-how to developing countries. So this is our concern in the next section.

### **2.3 Attitude Towards and Empirical Evidence on the Transferability of Marketing Know-how to Developing Countries:**

In the increasing amount of published material on marketing disciplines in developing countries, as we observed in the last section, a considerable debate has developed among the researchers. Is this debate about marketing know-how, with its roots and development in the industrial culture of the United States and Western European countries, and which has evolved and developed in the context of a buyer's market, applicable in developing countries or not?

A survey of the literature in this field produces three distinct standpoints and schools of thought. The first school maintains that marketing know-how (concepts and activities) are transferable to developing countries, and the developing countries will apply it (e.g. Dadzie & Lee, 1991; Emlen, 1958; Malholtra, 1986; Mitchell & Agenmomen, 1984; Roxas & Huszagh, 1996; Song, et al., 1997). The second school argues against the transfer of marketing know-how to developing countries. Supporters of this viewpoint maintain that marketing know-how seems to be inapplicable to developing countries for various reasons, such as the fact that they have different environments, market situations and cultures (e. g. Bartels, 1983; Carter, 1986; Dholakia, 1984; Howard, 1988; Yavas, et al., 1991). The third school is

in the middle. The researchers encourage the transfer of marketing know-how to developing countries but with some modifications in some marketing activities or environmental conditions to be applicable in developing countries (e. g. Akaah et al., 1988; Cranch 1974; Deng, 1994; Hosley & Wee, 1988; Miller & Levin, 1993; Mohamad, et al., 1992). Details of the three views and some empirical evidence are presented below:

### **2.3.1. The First Viewpoint:**

Supporters of this view maintain that marketing discipline is common to all nations, as it is knowledge, and it is not exclusive to the inventor or developer. Therefore, marketing know-how is applicable in developing countries.

Emlen (1958) seems to have been the first of many articulate supporters of this view, as far as can be ascertained. In one of his articles he argued that “for all our efforts in aiding economic development in developing countries through financial and technological assistance, we have virtually neglected a most productive exportable commodity-American marketing know-how” (p. 76).

Malhotra (1986) expounds on why developing nations need marketing technology. Marketing know-how in developing countries could play a significant role in many countries, and could be fundamental in enhancing the economic development systems there. He also mentions that irrespective of the level of the marketing system reached in developing countries, the application of marketing technology must be effective and address important societal problems in these countries. He argues that “marketing as a discipline is more than a search for new needs and wants. It is, fundamentally, a system of concepts, tools and skills that enables managers to match organisational capabilities and resources to the needs of society. As such, marketing technology can be profitably directed to the needs of the developing world” (p. 61).

Cundiff and Hilger (1984) supported the transfer of modern marketing to developing countries generally, whether the marketing infrastructure has been developed or not. They thought modern marketing and business technology would speed their pace of development, and they found the marketing infrastructure in developed societies evolved simultaneously with and alongside the new marketing and production capacity. Particularly, Chan et al., (1993) believe the successful transfer of marketing technology and concepts from developed countries into China, as a developing country, would improve China's national economic growth and standard of living. In addition, they observe that "marketing technology can be expected to be transferred from the West first to newly industrialised countries through academics then to managers and then to the lower levels of management" (p. 17).

The above view, which argues for the transferability of marketing know-how from the western context to less-developing countries, has been supported by some empirical studies through comparing different countries or concentrating on one country. A number of studies relating to certain countries have lent support to the idea that the environmental conditions and different levels of economic development did not influence their transfer and acceptance as new marketing techniques. Douglas (1971) compared five countries; Japan, Italy, Chile, Greece, and Ceylon. He was concerned with the influences of environmental factors on the development of marketing and tested the hypothesis that the marketing system of a nation is closely related to its level of development. Although there are differences in the economic, demographic, social, and cultural characteristics of these countries, the marketing was similar in these countries. Therefore, the study concluded that environmental factors are not obstacles to the transfer of marketing technology in different settings. It also

suggested that the impact of environmental factors on the marketing structure may be considerably less important than is frequently postulated by marketing scholars.

Dadzie and Lee (1991) supposed developing nations would conform to marketing know-how for their environments. They studied some East Asian countries (Hong Kong, Korea and the Philippines) and the data were collected by a self-administered questionnaire mailed to 850 marketing managers in these Asian countries. They found that these countries had used marketing know-how under different conditions of economic development. During the same year, Dadzie and others compared two groups of countries. They examined the influence of environmental factors on marketing activity performance in three Third World Countries (Philippines, Kenya and Malawi) and two Newly Industrialized Countries (Hong Kong and Korea). They attained the same results and encouraged the companies to transfer and apply marketing know-how because it is useful for developing countries (Dadzie, Akaah, & Lee, 1991).

Roxas and Huszagh (1996) made a similar assumption when they compared adaptive strategies and tactics in U.S. firms and those in the Philippines. They found many of the same marketing strategies and tactics were applicable in both environments. They argued that "the study submits additional evidence that marketing principles first implemented in the U.S. are indeed applicable in other environments" (p. 23). Moreover, Song et al. (1997) compared South Korean and Taiwanese firms in linking marketing resources, skills, and activities to new products' performance. They selected 372 new products from South Korean firms and 306 new products from Taiwanese firms. They supported the success of marketing in both countries, and its importance for the success of new products. They argued that "South Korea and

Taiwan firms are advised to develop marketing skills and capabilities in order to proficiently perform critical marketing development activities” (p. 67).

Ojah & Han (1997) studied the marketing environment in four countries that use English as primary business language (Hong Kong, the Philippines, Kenya, and Malawi). They mailed the questionnaire to the highest-ranking marketing official of each of 900 randomly selected firms. They found in their comparison that marketing activities in emerging markets are highly susceptible to environment effects and there are no differences in market environment in developing countries.

The Central Europe environment was also studied at the beginning of this century. Fahy, et al. (2000) examined the nature of marketing capabilities across a range of firm types in Hungary, Poland and Slovenia. Data were collected in two phases by case studies and quantitative study. Twelve cases were completed in Hungary while eleven took place in both Poland and Slovenia. The phase was derived from the case results. 1619 questionnaires with usable replies had been received giving an overall response rate of 25 percent. The study demonstrated the importance of marketing in ensuring a firm’s future prosperity in the Central European region. Managers in Central Europe can seek to develop and accumulate their own marketing capabilities which have been proven to be successful. Therefore, “This finding demonstrates that overall marketing capabilities are proving to be very valuable as the Central Europe region moves to a more market-led environment” (Fahy, et al., 2000, p. 75).

A number of studies were concerned with only one of the special environments in developing countries, and investigated to what extent marketing discipline was used in this country. For example, Appiah-Adu studied 200 domestic and foreign manufacturing organisations operating in Ghana. He concluded that both domestic and

foreign managers do have an appreciation of the importance of marketing activities in Ghana's changing environment and are making efforts to implement marketing strategy successfully (Appiah-Adu, 1998).

Mitchell and Agenmomen (1984) examined the contribution of the marketing concept to Nigerian marketers in the business sector and non-business organizations. The data for the study were collected via 200 questionnaires which were sent to business executives. The results of this survey indicate that Nigerian marketers have favourable attitudes towards the marketing concept, and the majority of them believe that the marketing concept can be applied to their companies' business and non-business organisation. After ten years, Okoroafo and Russow (1993) studied the same Nigerian market environment. They investigated the relationship between marketing strategies and performance. The data were also collected by questionnaire which was mailed to 200 managing directors of manufacturing firms in Nigeria. They found a big demand for the transfer of marketing knowledge to developing countries' application of reforms. Moreover, they suggested that "universities and colleges will have to be primary agents of these transfers using educational grants. For instance, currently in the United States the information service is supporting the transfer of business know-how through its Democracy in Africa programme" (p. 18).

Another study highlighted the necessity of modern marketing techniques to coexist in the developing countries. Cavusgil et al. (1983) discussed food marketing in Morocco. They argued that "the special environment and the prevailing conditions in these countries require the application of modern marketing techniques designed to identify needs; establish product acceptance; properly motivate consumers; ensure efficient distribution; support the basic product; and achieve effective pricing levels. Marketing appears to be a necessity, rather than a discretionary tool to be used in such

circumstances” (p. 120). Also significant are the results of the empirical study conducted by Miller. His case (Efes Pilsen Company) examined the Turkish beer market and the position of Turkey’s most successful brewer within that market. From the results of the study it was found that the models of marketing discipline can be very useful in developing countries. He confirmed that “firms should apply these models with sensitivity to socio-economic conditions in these countries” (Miller, 1988, p. 17).

In addition, this viewpoint was also supported by researchers in Eastern Europe countries. The study concerned the Russian marketization environment. Shama (1995) developed and researched a theory of marketing management transformation from planned to market economy in the Russian environment. In spite of the USSR being a military and scientific super-power, the quality, quantity, and availability of products and services were more characteristic of a developing country. He tested by use of a survey, data from eighty managers of state enterprises, joint stock companies, and private companies, and argued there was a “need for Western style business and marketing know-how” (p. 92). Yet, the result of testing was that “almost all managers (94%) stressed the importance of business education, marketing skill, marketing research” (Shama, 1995, p. 92). Other research was conducted into marketing approaches in Bulgarian companies. They conducted 31 interviews and mailed questionnaires to 1080 Bulgarian companies. They found many more Bulgarian companies at the early production orientation stage of development but that there was a movement from the sales orientation stage to marketing orientation. 97% of respondents recognized that marketing has an important part to play in the future and felt this trend would continue over the next two years (Marinov, Cox, Avlonitis, & Kouremenos, 1993).

Hildebrandt and Wiess (1995) investigated the influence of marketing factors on the choice of entry strategy in foreign markets. They used product-level data from German firms operating in one industry, the machinery sector. They concluded that marketing plays a dominant role in the choice of marketing entry mode of ownership control. Bennett (1998) wanted to examine to what extent Western firms transferred marketing know-how to their Chinese joint venture partners and the nature of the transfer process. 119 marketing managers in Western companies participated in this research and completed the questionnaire. He concluded that “half of all respondents agreed or strongly agreed that the marketing methods and techniques applied within China were very similar to those used by the Western firms” (p. 147). Moreover, he added that “Western companies should take greater care to insure that their standard marketing techniques were genuinely appropriate for the Chinese market, and to modify their methods where necessary” (Bennett, 1998, p. 153).

### **2.3.2. The Second Viewpoint:**

The researchers’ viewpoint in this section is in contrast to that in the first. They claim that marketing began and was improved in the developed countries, United States and Western Europe, which provided a suitable environment to foster its growth. Inasmuch as developing countries do not have the same environment, it is believed that marketing know-how cannot flourish in a different setting and must therefore be limited to developed countries.

One of the most reflective proponents of this viewpoint is Bartels. His assumption is that the marketing discipline, particularly American marketing techniques, is still inappropriate to being applied in foreign settings and with global responsibilities. Therefore he argued that “the marketing discipline has been essentially a tool of developed countries. It is not a discipline of globally-derived



principles that may be applied to the subset of national economies” (Bartels, 1983, p. 33).

Carter (1986) expressed a similar view when he argued that "There is increasing evidence to suggest that LDCs are developing in a different way to that in which western economies evolved" (p. 107). In that work, he recounted many pieces of evidence to support his viewpoint. Such as: 1) the different prevailing conditions; 2) low per capita income; 3) governments have a near monopoly of markets and brand dominance; 4) political and economic power is often in the hands of a small cohesive elite; 5) the traditional culture; 6) the large gap in the quality of products; 7) the agricultural base predominantly and other primary production facilities; 8) development gaps. For these elements which are different between developed countries and developing countries, he suggests that "There is no doubt that LDCs will evolve differently from the way Western economies have and will develop - so the name of the game is likely to be LDC dedicated marketing not adaptive transfer" (Carter, 1986, p. 119).

El-Sherbini (1979) also agrees with this viewpoint because he thinks that marketing discipline (concept and activities) is a tool of the developed market and is difficult to transfer to developing markets. Ross & McTavish (1984) also support this idea, because they have studied the stability of marketing discipline in traditional markets in developing countries compared with the different situation in developed nations, such as the existence of a non-market economy and sellers' market. They found that developing corporation operating would be less likely to utilize marketing know-how. Therefore, they argued that "marketing in a developing country requires a different orientation and focus from what one would expect in a developed society.

Developing cultural sensitivity is the result of a reasonably long immersion in the culture” (Ross & McTavish, 1984, p. 26).

This viewpoint was also supported by researchers who hold a similar view. They found some structural barriers to marketing in the Saudi environment as a developing country, and thus they decided that marketing techniques developed in the West are not feasible in most developing countries, because marketing is used successfully in large markets, with their economies of scale and rapid economic development. They concluded “even though marketing plays an important role in the economic development of developing nations, modern marketing technology developed in the West and transferred to developing countries should be adapted and tailored to fit and match the specific needs of these developing countries” (Al-Khatib, Dant, & Vitel, 1989, p. 659). This conclusion may not be completely accurate because the researchers depended on literature about Saudi Arabia and did not conduct empirical research or even visit Saudi Arabia.

Dholakia (1984) holds a similar view, in that he thinks the marketing knowledge in developing countries has been generally incapable of introducing the main innovations in products, customer services, marketing methods, communications, media, or market-research techniques. So he argued that “In most cases the indigenous marketing systems of the LDCs have not been able to come up with market expansionary strategies, either domestically or internationally” (p. 19).

The above school, which argues against the transferability of marketing know-how to developing countries, has not been supported by all theoretical studies, as opposed to the many empirical studies which also support this viewpoint.

Some of this research has concentrated on supermarkets and modern distribution methods. They have obtained access to the idea that the environmental

conditions obstruct and impede the transfer and applicability of marketing discipline from one environment to another. For example, Goldman (1981) concentrated on the supermarkets of a sample of urban residents in Israel. He found that “the supermarket’s failure in LDCs is caused by problems on both the supply and demand sides. On the supply side, it is shown that the supermarket represents a form of a high-level of retailing technology heavily dependent for its success on various infrastructure conditions, externalities, and complementary technologies, which are lacking in developing countries. On the demand side, it is argued that the shopping patterns of developing countries consumers are not compatible with those required by the supermarket” (p. 5).

Another study conducted by Kaynak (1980) was interested in the transfer of modern chain-store operators from developed countries to developing countries. It verified the applicability or non-applicability of foreign marketing innovation such as supermarketing and related marketing practices from the Swiss environment to the Turkish marketing environment. Kaynak observed that a very successful Swiss chain-store operator Migros, after twenty years of operating in the Turkish market, has become unsuccessful in its routine retail operations. Because the Swiss management team of this company didn’t understand the psychology of the Turkish consumers and the company did not pay enough attention to the ongoing environmental changes in Turkey. He indicated that, “The company tried to operate its self-service store, supermarkets, and mobile selling trucks as it would operate them in Central Europe without considering the different needs characteristics of the Turkish food consumers and the prevailing environmental conditions” (Kaynak, 1980, p. 40).

Kaynak (1985) found in another article further evidence to support his viewpoint. He used the Turkish marketing environment as an example, however the

emphasis was on the consumer environment. He observed that Turkish consumers have a preference for fresh products and buy in small quantities with intervals, four or five times a week, and patronize food retail outlets in their close vicinity. These behaviors patterns, which are part of the Turkish culture, contradict the supermarket system. Consequently, he indicated that “the last two decades in food distribution in Turkey have shown to us that the mere transfer of marketing technology from the West to a developing economy like Turkey is not sufficient”. He added “It is difficult to transfer American marketing technology in general and supermarkets in particular, which are the product of the United States’ historical and economic conditions, to a completely dissimilar environment’ (p. 81).

Although Cavusgil and Yavas (1984) concentrated in their investigation on management skills (including marketing), they supported this school which identified significant barriers to the transfer of marketing know-how from the United States to Turkey. The data was collected and based on 67 Turkish managers, all of whom had received a master’s degree in business in the United States. The most important of these barriers is production orientation which still dominates business philosophy in Turkey. The sellers’ market is the second barrier, which reduces the acceptance of marketing concepts and activities in developing countries, particularly in Turkey. Third, some environmental factors, such as political instability, economic uncertainty, and lack of reliable data, impede marketing planning and restrict the adoption of marketing know-how.

El-Haddad (1980) also studied marketing in developing countries, particularly in Egypt. He concluded that “concerning the transfer of these concepts and techniques, one source of confusion may be the failure of those studying the issue to realize that an unqualified transfer of modern marketing concept know-how, without due

allowance for similarities and differences in the foreign environment, may be poor business practice” (p. 679). In another article, he studied the public industrial companies in Egypt, and found that there was difficulty in inappropriately transferring modern marketing concepts and know-how from one country to another. His justification was that “modern marketing concepts and techniques are constrained by environmental factors which impede their transferability and applicability in developing countries” (El-Haddad, 1986, p. 191).

Results from other studies support this viewpoint although their concern was another topic. Howard (1988) was concerned with the case of Nestle infants’ dried milk formula in developing countries. He derived significant results which especially related marketing activities in developing countries and considered the applicability of marketing discipline in developing countries to be difficult, because he concluded that “the product management techniques commonly employed for markets in developed countries are inappropriate for markets in lesser developed countries” (p. 48).

To this date, some authors still assume the inapplicability, not only of marketing know-how, but also of all modern business know-how. Yavas, et al. (1991) is one of these authors who supports his viewpoint with many pieces of evidence. First, some conceptual frameworks of marketing such as “the 4Ps” are not valid in many developing countries. For instance, prices of agricultural products and certain basic food items in Egypt, Saudi Arabia, and Turkey are controlled by the government. Second, the distribution system in many developing countries is not under the direct control of the marketer. For example, the beer product in Turkey and certain products in Jamaica can only be sold in government approved outlets. Third, most mass media as tools for advertising are also common in most developing countries. So he argued that “the inapplicability of modern business know-how in the

Third World is exacerbated by fundamental differences between the West and developing countries” (p. 8).

### **2.3.3. The Third Viewpoint:**

The researchers’ viewpoint in the third school is somewhere between the first and second schools. Their argument is that marketing know-how (concept and activities) is transferable and applicable to developing countries if there are some modifications in the new environment marketing.

Shapiro (1965) was the first who supported this viewpoint. He indicated that marketing practices could be applicable universally provided that the environment of factories in these countries is considered. Consequently, he concluded that "In any case, marketing techniques first perfected in the United States may prove to have international relevance if they are applied in each country with due regard for prevailing social structures and value systems" (Shapiro, 1965, p. 409). Cranch (1974) expounded the marketing situation in developing countries, and supported the transferring of modern marketing techniques to developing countries. His brief research argued that “the majority of modern procedures in marketing discipline like market research, distribution, promotion, packaging and media selection (with minor modifications for purposes of local adoption) can be applied directly to less-developed countries to reach the mass market” (p. 412).

Hosley and Wee (1988) also believe that “marketing practices and concepts are very culture-bound, and to be of value in the development of the Third World they must be adapted to the local environment.... Marketing, if it is to be relevant and of value to the development process in these countries, must evolve to accommodate the particular path chosen” (p. 51).

Amine and Cavusgil (1986) compared some developing countries to participate in this debate. They compared three countries: Morocco, Saudi Arabia and Turkey. There emerged in their analysis a picture of three very difference nations. This different was in regard to the past, present and future evolution of multiple environmental characteristics, except these three market share a unifying religion and the similar goal of economic development. These countries could enjoy the benefit of modern marketing, because they could adapt their environment to this objective. Therefore, the authors argued that “in Morocco, Turkey and Saudi Arabia, a more enlightened approach to modern marketing is evident: joint ventures, licensing and local manufacturing make foreign technology available locally while, at the same time, promoting employment, increasing foreign direct investment and expanding the industrial base” (Amine & Cavusgil, 1986, p. 176). On the other hand, Deng (1994) supported transferring marketing know-how to developing countries particularly in Sub-Saharan African countries. He encourages the corporations and governments to modify some of the political, economic and sociocultural characteristics in Sub-Saharan African countries to apply the design of marketing mix activities, thus achieving the result of optimal marketing in these countries.

Furthermore, in another comparative study conducted by Akaah et al. (1988), the objective of their research was to investigate the extent to which marketing know-how (concepts and activities) can be transferred effectively from one environment to another. The study was in five African countries where English is the official language for commerce and trade. They are Ghana, Kenya, Nigeria, Tanzania, and Zambia. The data for the study were obtained via an English-language questionnaire developed and mailed to 565 marketing practitioners in each of the five countries. The result of this investigation was that the marketing-mix elements and marketing-management

activities are relevant and applicable in the developing environments irrespective of the per capita and product-market environment.

Other researchers did not compare countries but concentrated on one country. For example, Chong (1973) compared the foreign and domestic firms operating in Malaysia. He remarks that "foreign firms working in Malaysia were inclined to duplicate the marketing organizations of their parent or associated companies elsewhere with slight modifications to suit the local Malaysia environment" (p. 93). After two decades, Mohamad et al. (1992) studied the Malaysian context in more detail. They examined the extent of performance of marketing management and mix activities by Malaysian manufacturing firms. The study data were obtained via a questionnaire mailed to 635 manufacturing firms. The results of this study indicated that the Malaysian market is highly fragmented and Malaysian firms generally possess limited production capacities, like most developing countries. The results also appeared to show that most Malaysian manufacturing firms do utilize the majority of marketing management and mixed activities.

In India, Ali and Bahrgava (1998) examined the marketing capability of dairy cooperatives. They proved that marketing was useful to the dairy cooperatives and succeeded in ascertaining the impact of managerial and plant factors on marketing effectiveness. They concluded that "any replication of the model must first acknowledge that managerial and operational processes must be modified in synchrony with marketing capability" (p. 140). Okoroafo (1996) studied how marketing activities and performance of foreign and domestic firms in Nigeria have varied in response to these environmental changes. He assumed that environmental changes would cause firms to adopt new and different strategies in order to survive.



Although China adopted the open-door policy in the 1970s, Holton (1985) improved this viewpoint when he researched the marketing system from the historical perspective in the Chinese environment. He divided the period under investigation into two intervals: pre 1979 and post 1979. He found many problems in the pre-1979 marketing system, but due to the changes and modifications in the economic system, planning process, social traditions, political ideas, and marketing system progress was made and many new ideas applied thus increasing foreign firms' investments in China. After ten years, Shoa and Herbig (1995) improved the availability of marketing in new China's businesses. They concluded that the marketing situation in China is open-ended for new business entrants because the rapid business advancements in China will dictate the need for increased marketing activities.

Other researchers investigated the Egyptian environment and they concluded that the success of marketing in developing countries could be measured by the ability to appreciate environmental differences and to adopt a geocentric attitude (Mahmoud & Rice, 1984). Hammad (1991) studied firms in Egyptian markets, and he went beyond those investigations because he wanted to explore the contribution of foreign enterprises in transferring marketing know-how, particularly after Law 43 in 1974 or "the open-door" policy. He collected the data through structured companies by personal interviews with the chief marketing executives of 31 foreign enterprises and general managers of marketing agencies. He argued that "foreign firms constitute a possible channel of marketing know-how and diffusion in developing countries, like Egypt. Direct and indirect methods can be used by both parent organizations and their subsidiaries in the process of marketing know-how transfer to a developing country" (p. 344). So he suggested more modifications in the government's policy regarding

economic and business systems to encourage the industrial sector to realize the applicability of the transfer of marketing know-how to Egyptian markets.

In Zambia the study was about micro-enterprises. One of the main aims of this research was to define current practices of marketing and related perceptions about the most effective marketing outlets, in the micro-enterprise market. They studied 50 randomly selected micro-enterprise proprietors in the rural Kabwe and Lusaka areas of Zambia. They concluded that although the concept of marketing used by micro-enterprises in Zambian regions encompassed market outlets and support resources, the applicability of marketing strategies within a micro-enterprise's operation needs to be addressed in any modified planning (Miller & Levin, 1993). Mavondo (2000) studied 200 food manufacturing businesses in Zimbabwe, and investigated whether marketing is a form of adaptation to environmental exigencies to establish the relative importance in influencing the level of marketing and performance. The statistical results of his research suggested that the level of market orientation, customer orientation, competitor orientation, planning capability and product innovation positively related to the level of adaptive capability inherent in the organisation strategy.

Martin and Grabac (1998) concentrated on marketing activities in Croatian firms after the economic privatisation system was introduced in Croatia. The first question in their research was to find out what changes companies had made in their marketing activities after privatisation related to the extent of privatisation. They distributed 500 questionnaires randomly to Croatian companies. They found that marketing activities increased among companies after privatisation because the privatisation system modified the economic environment from a state-controlled economy to a free market economy in Croatia. Therefore, companies of all size are

significantly increasing many of their marketing activities, and businesses will continue to develop and implement market-oriented activities which will bring them closer to the global marketplace.

To conclude, this section has illustrated that there are three schools of thought concerning the applicability and transfer of marketing concepts and activities from developed countries to developing countries. One supports the transferring and another rejects it. The third one neither rejects nor agrees with the transferring directly, but requires some modification to marketing concepts and activities for them to be successful in these developing countries. The main conclusion arrived at in this section is that this debate between the researchers regarding the applicability and transfer of marketing know-how to developing countries is very important because every school believes it has evidence to support its point of view. Based on this debate and the objective of the study, we can develop two of the questions of the study.

- 1. Do a majority of the manufacturing companies in the Saudi manufacturing sector apply marketing activities on a regular basis?**
- 2. Do the marketing managers in most manufacturing companies in the Saudi manufacturing sector perceive that marketing concepts are useful for them?**

The relationship between the application of marketing know-how and the characteristics of the company, managers and environment maybe help us in this debate. Therefore, these variables will be discussed in the next section.

## **2.4 Variable-specifics Affecting Role in Transferring Marketing know-how to Developing Countries**

From the previous discussion, we can infer that a number of researchers perceive the importance of marketing in developing countries, but some of them differ in their belief in the applicability of marketing know-how to developing countries. Several variables are very likely to influence the transfer of marketing know-how. These variables are specific to the companies and to the marketing managers in the companies. Therefore this section will be classified into two sub-sections: the marketing managers' characteristics variable and the company's characteristics variable which could affect the applicability of marketing know-how in the developing countries.

### **2.4.1 Marketing Managers' Characteristics Variables**

With respect to marketing managers' characteristics, the following are identified as pertinent: age, level of education and major type, training programmes in marketing field or business administration, experience in current position and marketing field, and membership in Professional Association. The main factors about marketing manager characteristics which influence the transferability and application of marketing know-how to the developing countries are in the aggregate given below.

Yavas and Rountree (1980) studied management know-how in Turkey through graduate business education. Data for the study were collected thorough personal interviews from sixty-seven U.S-educated managers. They concluded in their research that the managers who are younger, enjoyed high education, a big salary, or positive experience displayed more knowledge of management know-how than managers who are older, of low education, small salary, or low experience. Cavusgi, and Yavas

(1984) concluded in their study that managers with marketing as their major affected the application of marketing activities because they were more likely to apply their communication skills than those who concentrated on other areas.

Yavas with Cavusgil (1989) concentrated on the applicability of a variety of managerial skills and techniques acquired, and which manager characteristics are related to the application of managerial know-how. They collected the data from 64 questionnaires sent to managers of middle management positions in large state-owned institutions in Tanzania, Zambia, and Kenya. They concluded that managerial expertise and skills are more readily transferable than others. Training course programmes help the managers to apply and use marketing know-how to their functions, and the level of education has an influence on transferring modern management know-how. However, Al-Khatib et al. (1989) found that marketing training programmes in many developing countries are highly theoretical, and do not relate to the problems faced by practising managers in developing countries.

Some researchers studied some marketing manager characteristics in the manufacturing companies in the Egyptian market and concluded that the nationality, marketing major and participation in training impacted the transfer of marketing know-how (Hammad, 1991). Moreover, El-Haddad (1991) found more details about Egyptian manufacturing companies. He indicated that a big salary, duration in current position, the experience in marketing field, and participation in training impacted on the transfer and application of marketing know-how in Egyptian manufacturing companies, while he observed that the age, highest qualification, duration in the company and membership of any of Professional Marketing Association did not impact on the transfer and application of marketing know-how in Egyptian manufacturing companies.

Another comparative study was conducted by Akaah and others. They investigated to what extent the usefulness and the application of marketing know-how (concepts and activities) were perceived. The study was in five African countries where English is the official language. The research result confirms that the lack of trained marketing personnel impedes the ready applicability of marketing know-how in the developing Countries (Akaah et al., 1988). The younger generation students who trained or studied in North American or European business schools have acquired some disciplines not there in many Sub-Sahara Africa countries (Deng, 1994).

Marketing is non-existent and unclear in the majority of Bulgarian companies because of low marketing education with a lack of skill to implement it (Marinov et al., 1993). Bennett (1998) examined 119 marketing managers in Western companies that work in China to ascertain the nature of the transfer of marketing know-how to their joint ventures. He found that two third of the respondents claimed to have trained their Chinese partners in some aspect of this marketing, so it is evident that lack of experience in marketing managers influences the application of marketing know-how in China. However, Shama (1995) studies 120 marketing managers in the Russian environment and found that the age, education and gender of marketing managers were not influencing the transformation from planned market to market economy.

In addition, Bhuian found a relation between education and the concept of market orientation. The Saudi managers who received their education in Western countries are believed to have a better idea of the concept of market orientation (Bhuian, 1998). Regarding the level of education of marketing managers, Bhuian observed that managers with a high level of education could be expected to have a positive attitude toward risky actions of market orientation (Bhuian, 1998). Okoroafo (1996) studied the marketing activities in manufacturing firms in Nigeria. One survey

included in the study involved the managing directors of 200 foreign and domestic manufacturing firms. He found that educated managers enhance firms' performance of marketing activities.

After this discussion related to marketing manager's characteristics, we can develop two main hypothesis of the study:

- 1. There is no significant difference between the respondents' characteristics for the application of marketing activities in the Saudi manufacturing sector.**
- 2. There is no significant difference between the respondents' characteristics for the perception of the benefit of marketing concepts in the Saudi manufacturing sector.**

## **2.4.2 Company Characteristics Variables**

With respect to company characteristics, the literature found that the applicability of marketing know-how in developing countries would differ with the characteristics of the companies. The following are identified as relevant: company size, type of company, the importance of marketing as a function in the company, the nature of company ownership, participation of marketing managers in firm's decision-making, industry type firm belongs to: (Food, clothing, household, weaving, or construction), type of product. Below are the main factors which influence the transfer of marketing know-how to developing countries.

### **2.4.2.1 Type of Industry:**

The aim of this point is to classify the production of consumer goods (i.e., the textiles industry, manufacture of food and beverages, house utensil industries, electric industries, chemical and plastic industries). Researchers have found that although the manufacturing companies differ in their consumer products in terms of types, raw materials, selling prices, distribution channels and others, they share the same

prospective towards marketing know-how. They also found that these companies view marketing know-how as a significant factor for successfully marketing their products (El-Haddad, 1991; Hammad, 1991; Mohamad et al., 1992; Song et al., 1997).

#### **2.4.2.2 The Nature of Company Ownership**

The aim of this point is to classify the ownership of the company into one of three kinds: fully indigenous, joint venture and fully foreign. The majority of these empirical studies considered that foreign and joint ventures are more liable to use marketing discipline than domestic companies. For instance, the findings of one empirical study show that in Malaysia foreign firms adopted marketing practices and policies more strongly than domestic firms (Chong, 1973). He justified this result for many reasons, such as, the reputation of foreign firms and their brand names in the developing countries' markets, marketing skills, experience, and their good capitalisation which enables them to use big budgets for all marketing policies (Chong, 1973). In the Turkish market, Aydin and Terpstra (1981) found a similar situation to Malaysia. However, the comparison in their studies was between the different degrees of foreign ownership. They found that majority-owned subsidiaries were more involved in marketing activities and transferred a greater amount of marketing know-how than minority-owned subsidiaries.

Also, Cavusgil and Yavas (1984) investigated the transfer of marketing know-how to developing countries and found that foreign-owned companies in the developing countries tend to have their roots in the industrial culture of the United States and Western Europe countries and would be more likely to apply marketing know-how than indigenous corporations. The reason, as they see it, is that the foreign corporations are richer in managerial and marketing expertise than local corporations.



Many researchers have studied African countries, focusing on one country or on a group of countries. For instance, Hammad (1991) studied the foreign manufacturing companies in Egypt and the results supported the same viewpoint because he found that the majority-owned foreign companies which receive a greater amount of know-how are more likely to perform marketing better than minority-owned foreign companies. Akaah et al. (1988) studied five countries of Sub-Saharan Africa. The study supported this viewpoint by concluding that fully foreign-owned corporations in the developing countries tend to perform marketing management activities on a more regular basis than native ones. Appiah-Adu (1998) studied 200 domestic and foreign manufacturing organisations operating in Ghana. He concluded that foreign firms are more likely to perform marketing activities than their domestic counterparts. On the other hand, the domestic firms in Nigeria were performing better than foreign firms, particularly in market share, competitive position and ability to gain market share (Okoroafo, 1996).

Dadzie and Lee (1991) compared companies in six East Asian countries. They found that the extent of marketing management performance is related to the presence of multinational corporations' activities. Therefore they argued that "multinational corporations may act as agents for the transfer of marketing know-how in developing or newly developed countries and that this role by multinational corporations may be linked with stage of economic development" (p. 648). In addition, joint ventures in Bulgarian companies are more marketing-oriented than singly owned ventures (Cox, Hooley, Beracs, & Kolos, 1994). Hildebrandt and Wiess (1995) investigated the influence of marketing factors on the choice of entry strategy in foreign markets. They used product-level data in the machinery sector from German firms. They found that

there are no significant differences between the ownership strategy of companies when they enter foreign markets.

Fahy, et al. (2000) studied the development and impact of marketing capabilities in Central Europe and found that firms with foreign participation have greater marketing capabilities than other types of firms in the Central Europe region.

There is other category of ownership, particularly in east European countries, which is state-owned as opposed to privately-owned. In Russia, the majority of the enterprises are state-owned enterprises. Private enterprises constitute less than 18 %. In spite of the huge gap between these sectors, the private enterprises show more willingness of transferability to market economic from state-owned enterprises (Shama, 1995). One of the results in Hungary also showed that state-owned companies are less marketing-oriented than those that are privately owned (Cox, et al., 1994). Martin and Grabac (1998) studied 500 Croatian companies and their marketing activities. They also found that the privately owned companies had significantly increased their marketing activities while the state-owned companies had not implemented any significant changes.

#### **2.4.2.3 Legal Form of Company**

The researchers classify the legal form of any company into five categories: sole proprietorship, limited liability, joint stock, partnership and others. A few researchers studied the relationship between the legal form of manufacturing companies and the application of marketing know-how. For instance, El-Haddad (1991) studied the relationship between the legal form of companies and the transferability and application of marketing know-how in the Egypt manufacturing sector. He divided the companies into five kinds, classified by the legal form of the company. The categories were joint stock, limited liability, limited partnership, sole

proprietorship and others. The result proved that there is a significant relation between the legal form of companies and the application of marketing know-how in the Egyptian manufacturing sector, particularly in joint stock companies (El-Haddad, 1991). However the legal status of the enterprise does not influence the transformation from planned market to market economy (Shama, 1995).

#### **2.4.2.4 Types of products:**

The majority of products are either consumer goods or industrial goods. Some empirical studies have provided evidence on which of these product categories most affects the application of marketing concepts and activities. For example, Akaah et al. (1988) studied the applicability of the transfer of marketing discipline to five countries in Africa and found that the regularity of implementation of marketing discipline was more in consumer products than others, in the basic manufacturing industries. They added that corporations in the consumer-product market tend to utilize promotion techniques (e.g., advertising) on a much larger scale than those in the basic industries (e.g., steel manufacturing). Also the manufacturing sector in Egypt was studied to conclude the relationship between the application of marketing know-how and the type of products. These studies found a similar result, which is that firms manufacturing consumer products in Egypt use and apply marketing know-how more than these manufacturing industrial products (Hammad, 1991; El-Haddad, 1991).

#### **2.4.2.5 Size of Company:**

Many researchers have studied the relationship between the size of company (small, medium and large) and the application of marketing activities. However, there is neither agreement nor consistent results between the results of their research. For instance, Mitchell and Agenmomen (1984) examined the marketing concept in Nigerian business sector and non-business organisations. He observed that there was

no relationship between companies' size and the marketing concept applied. He argued that "The results do not, however, indicate any difference in the attitudes of marketers in manufacturing and service companies in large and small companies" (p. 70). Hammad (1991) concluded in his study that company size and time in Egyptian market did not reveal any significant relationship with transferring marketing know-how by corporations working in Egypt. However, another study in the Egyptian manufacturing sector concluded that the role of the big manufacturing companies in the application of the marketing know-how was more than small and medium companies (El-Haddad, 1991). Mohammed and others studied Malaysian companies and found consistent results with El-Haddad (Mohamad et al., 1992). Moreover, Cox (1993) carried out research on 3000 randomly selected UK companies to consider the difference in marketing between small, medium and large companies. He found that marketing in small companies is inferior to that in large companies, as well as that small companies perform worse than large companies.

However, a few researchers found results opposite to the previous studies. Cox et al. (1994) studied Hungarian companies and found that marketing activity in small companies is more operational in nature than in larger companies, except in promotion. Martin and Grabac (1998) found similar results in Croatian companies. Smaller companies indicated that they were involved in significantly more marketing activities after privatisation than larger companies. They justified this phenomenon by proposing that larger companies must coordinate these changes in marketing activities among several managers within the company. However, many managers in Croatia have not had to become involved with marketing concepts in the past and this coordination may be more difficult in large companies.

#### **2.4.2.6 Existence of Marketing Department in the Company**

A marketing department in any company serves as a connecting link between company activities and its customers' needs. Therefore, a lot of companies in developed countries involve the marketing department in their organisation. However, the majority of companies in developing countries still put marketing activities within other departments such as sales, top management or production. El-Haddad found that only eleven out of the thirty firms visited have marketing departments and most of these departments only exist on paper and paper organisational charts (El-Haddad, 1980). Hammad (1991) also studied foreign manufacturing companies in Egypt and found that only nine out of the thirty-one companies visited answered in the affirmative. At the same time, he concluded that there is no perceived importance of the marketing department and its role in the process of marketing know-how transfer in the companies. However, El-Haddad (1991) found that the existence of a marketing department in a manufacturing company was a reason to apply the majority of marketing activities in the Egyptian manufacturing sector.

After this discussion we can develop two main hypothesis of the study:

- 1. There is no significant difference between the characteristics of companies for the application of marketing activities in the Saudi manufacturing sector.**
- 2. There is no significant difference between the characteristics of companies for the perception of the benefit of marketing concepts in the Saudi manufacturing sector.**

### **2.5 Effect of Environment Factors**

In general, some of the published research has covered the impact of environmental factors on the application of marketing know-how to developing countries at both the company level (internal effects) and the country level (external

effects). The external variables were economic stability, government situation, the stagnancy of governmental measures on commercial activities, culture and tradition, prevalent religious values, lack of formal marketing education, lack of professional marketing personnel, and competition in the market. The internal variables were stagnant company policies, resistance to new concepts, low managerial encouragement, lack of participation in decision-making, a focus on production more than marketing, company's objective being a short-term profit strategy, limited training programmes in marketing, lack of advanced technology in the company, and shortage of marketing information. These variables were collected from a pilot study and review of the literature (e.g. Bhuian, 1998; Cavusgil & Yavas, 1984; Drucker, 1992; El-Haddad, 1991; El-Masree, 1996; Hammad, 1991; Kale, 1986; Kolter, 1991; Martin & Grabic, 1998; Ojah & Han, 1997; Samiee, 1993; Samli & Kaynak, 1984). These environment conditions are summarised in some of the studies which concentrated on one or more of these factors.

### **2.5.1 The Economic Position**

Some of the economic characteristics for the developing countries, with the exception of some oil-exporting countries, are economic stability and weak economic infrastructures (Drucker, 1992; El-Haddad, 1991; El-Masree, 1996; Hammad, 1991; Kale, 1986; Kolter, 1991; Samiee, 1993; Samli & Kaynak, 1984). Marketing can stimulate economic development through many things, such as: organising information networks, making distribution channels more efficient and contributing to the changing of values and ideas (Hosley & Wee, 1988).

El-Haddad (1991) concluded that economic position in Egypt does not present an obstacle to the application of marketing know-how in the Egyptian manufacturing

sector because the Egyptian economy adopted a free economy system and has opened the door to foreign investors since 1974.

Dadzie and Lee (1991) studied the relationship between the use of marketing know-how and level of economic development among East Asian countries. They found that these Asian countries have used marketing know-how under different conditions of economic development. Therefore, the economic position is not an obstacle to marketing in developing countries. Dadzie et al. (1991) examined the influence of environmental factors on marketing activity performance in five countries (Philippines, Kenya, Hong Kong, Korea and Malawi). They did not find a big impact from the economic position on using marketing activities.

Marketing activities and concepts will have been impeded in less favourable economic circumstances. For example, Huszagh and others studied the relationship between marketing practices and the changing macroeconomic situation in the Philippine environment. They concluded that "Overall the results empirically support the effects of macroeconomic conditions on firms' marketing practices, demonstrating that firms in the developing countries react to stagflation quite similarly to firms in the United States" (Huszagh, Roxas & Keck, 1992, p. 41 & 42). Also, businesses in Croatia are becoming more marketing oriented as their economy continues the transition to a free market economy (Martin & Grabic, 1998).

### **2.5.2 Government Policies**

There is a relation between the extent of performance of marketing activities and government policies in many developing countries. Some studies have observed variations in these policies, such as, monopolies, intervention, or laissez faire. For example, almost all of the countries in sub-Saharan Africa face enormous obstacles

such as ridiculous layers of bureaucracy and deeply embedded corruption. That means complications in everything concerning marketing activities (Miller, 1997).

Dadzie and Lee (1991) found that government intervention influenced the performance of marketing activities and laissez faire policies allowed MNCs to operate without hindrance. They conclude that “the use of marketing know-how by firms is related to government intervention as well as the natural resources of the country” (Dadzie & Lee, 1991, p. 644). On the other hand, Dadzie and others studied five countries in Asia and Africa to establish the influence of environmental factors on marketing activity performance. They found that political and regulatory factors have an impact on marketing activity performance. Moreover, government control influenced the performance of marketing activities, especially in countries with a history of central economic planning (Dadzie et al., 1991). Government control also influences the use of marketing in developing countries like in Guyana and Jamaica (Ross & McTavish, 1984). Government regulations of many South American countries did not help business activities to progress and achieve their aims until the last decade of the last century, as they pretended to begin to liberalise their economy (Chhabra, 1996).

In Egypt, for example, government control programmes and restrictive regulations are too many and too complex, the freedom of managers to establish an optimum marketing strategy is limited. This situation may proscribe certain transfers and applications of marketing activities by foreign companies (El-Haddad 1986; Hammad, 1991). Aydin & Terpstra (1981) concluded that the same attitude towards government policies in Turkey has negative effects on the transfer of marketing know-how, especially foreign direct investment, price control, and foreign exchange management. Nigerian government policy also stifles competition in its markets on



the pretext of protecting emerging industry (Ogwo, 1987). The Saudi government is directly or indirectly involved in both commercial and financial matters (Culpan, 1985). However, at the beginning of this century, the Saudi government approved and gave these matters more facilities and security (Ministry of Information, 1998b). More detail will be in chapter three and four.

In Malaysia every business firm must abide by the government price regulations that make progress difficult for marketing activities in the Malaysian market (Mohamad et al., 1992). In China, many of the problems associated with marketing goods stem from the country's bewildering bureaucracy (Shao & Herbig, 1995). Although there has been substantial opening of the Indian economy to trade and investment in the industrial and service sector, virtually no progress has been made in it, due to very restrictive government regulations (Aggarwal & Agmon, 1990; Timmer & Peter, 1996).

### **2.5.3 Social Culture:**

A majority of scholars have confirmed that differences in societies reflect on their application of marketing know-how in developing countries. Miller (1988) concluded that "the importance of political and social scanning in evaluating market opportunities in developing countries....cultural sensitivity is indispensable to successful marketing in developing countries" (p. 18). Samiee (1993) also supports this view, particularly in retailing and channels of marketing. The socio-cultural background influences general business activities in developing countries, even the younger generation students who trained or studied in North American or European business schools. The majority of these students find it difficult to apply the knowledge they acquired in the western countries when they come back to their

countries, because they are thought to be subverting authority and challenging the status quo (Deng, 1994).

On the other hand, Dadzie et al. (1991) and others examined the influence of social conditions and technology between the Third World Countries and the Newly Industrialised Countries. The results reflected a few significant differences between the two groups. Ojah & Han (1997) studied the marketing environment in four countries and found in their comparison that geographic proximity or socio-cultural similarity does not make developing countries identical. (Ojah & Han, 1997).

#### **2.5.4 The Prevalent Religious Values**

A few researchers have studied the relationship between religion and marketing in their studies. Delener (1990) found that pro-religious persons tend to be less secure but more sensitive and empathetic because marketers cannot forgo the analysis of religion and religiosity in their decision-making. Miller also believes the viewpoint because he found that in the Turkish beer market the contrasting force of religious conservatives had an effect on the marketing activities of beer companies. The Efes firm lost almost 40 per cent of its carefully developed market within two years (Miller, 1988).

Culpan (1985) studied the interaction between the marketing system and the religious position in Saudi Arabia. He concluded that the Islamic religion in Saudi Arabia impacts negatively on multinational marketing and international businessmen. He argue that “the religion is so pervasive in institutions that its influence can be felt in every segment of life” (p. 132). A few religious scholars in Saudi Arabia have supported this idea. Ibn Jebreen (1997) pronounced a legal verdict (fatwa) on some promotion activities (see appendix G.1). He has forbidden these activities and considers them to be gambling. However, many religious scholars in Saudi Arabia do

not agree with him (see appendix G. 2, 3 & 4). Some of them permitted these activities and others requested people to modify the details of some activities to be above suspicion (Al-Muslih, 1998; Ibn Uthaymeen, 1999; Scientific Academy of Islamic Fiqh, 2000; The Fatwa Permanent Committee, 1996). There will be more detail about Islamic religion and marketing in chapter four.

### **2.5.5 The Competition in the Market**

Many scholars of marketing define the market environment as meaning open market or closed market, buyer's market or seller's market, competitive market or monopoly market (Kotler, 1991). The buyer's market is when buyers are predominant in the market because the demand for products and services is far less than the supply. On the other hand, when sellers are predominant in the market it will be a seller's market, because the demand for products and services far exceeds the supply (Kotler, 1991).

The majority of the developing countries reflect sellers' market economics (Kale, 1986; Kolter, 1991; Samiee, 1993). There are many empirical studies which have argued that the corporations operating in the developing countries under a buyers' market environment would perceive marketing know-how as being more applicable than those operating under a sellers' market environment (Dholakia & Dholakia, 1984; Ross and McTavish, 1984). Cavusgil and Yavas (1984) concluded the reason was that marketing has evolved and been nurtured in the context of buyers' market economics whereas many developing countries reflect seller's market economics. Therefore, the competition will be very weak and marketing will not find a convenient environment (Ogwo, 1987).

A number of authors concluded from their studies that closed market economies would be less likely to utilise marketing know-how than open market

economies. They found many developing countries characterised by their closed market economies, and so, developing corporations will not apply marketing know-how in their environment (Dholakia & Dholakia, 1982).

Akaah et al. (1988) and Mohamad et al. (1992) found in their study a similar result that marketing concepts will be more useful in developing corporations operating under a buyers' market environment than those operating under a sellers' market environment. Under these circumstances companies research about the characteristics of their markets will be very difficult (Hammad, 1991).

### **2.5.6 Top Management Attitude**

Although the firms in developing countries suffer from a lack of qualified managers, the majority of top managers do not recognise the importance and impact of marketing in their companies ((El-Haddad, 1986; Yavas & Cavusgil, 1989). The researchers concluded that neglect by top managers of the role of marketing is one of these reasons. First, education was late in developing countries, particularly in the business schools (Yavas et al., 1991). Second, there are shortages of effective marketing training programmes and they are not continuous (Yavas & Cavusgil, 1989). Third, many developing countries' markets are characterised by the demand for product and services far exceeding the supply (Kale, 1986; Kolter, 1991; Samiee, 1993). Fourth, governments concentrated on transferring technology and investment to their countries to increase production because they thought that anything produced could be sold (Bhuan, 1998; Cundiff & Hilger, 1984; Miller & Levin, 1993; Yavas & Cavusgil, 1989). Therefore, when the management attitude in developing countries has a passive attitude towards marketing, the marketing will face difficulty in achieving its aims.

### **2.5.7 Lack of Professional Marketing Personnel**

Many authors agree that the most important factors for the successful applicability of marketing know-how depend on the presence of marketing professionals in a company. Cavusgil and Yavas (1984) found in their study that “managers whose major field of study is marketing were more likely to apply their communication skills than those who concentrated on another function area” (p. 47). Unfortunately, many empirical studies in marketing in developing countries indicated a shortage of marketing staff. For instance, 83% of marketing managers in Egyptian industry have no major in marketing. This leads to poor performance in the marketing area (El-Haddad, 1986). In addition, less than one third of marketing managers of foreign manufacturing companies in Egypt have a management background (Hammad, 1991).

There is a lack of marketing professional personnel not only in Egyptian industry but also in many developing countries such as Nigeria, Bulgaria and many East Europe countries. Many marketing activities in Saudi Arabia did not succeed because there were no marketing professionals in companies and this profession is very new in the Saudi environment (Hammed & Baglaf 2001). Okoroafo and Russow (1993) mailed questionnaires to 200 top manufacturing firms in Nigeria. They concluded that the lack of sophistication of Nigerian marketing managers reflected the low degree of transfer of marketing knowledge from developed to developing marketing systems.

The majority of companies in East Europe countries are still state owned and marketing concepts are unknown because they have concentrated on product orientation and do not have professional marketing personnel. Marketing in the majority of Bulgarian companies is non-existent and unclear because of the low level

of marketing education together with lack of skills to implement it (Marinov et al., 1993).

### **2.5.8 Lack of Reliable Marketing Infrastructure**

Many countries in developing nations have serious infrastructure deficiencies in many sectors, e.g. the telecommunication system, financial institutions, power generation, health services, mass media, transport networks, and education (Hammad, 1991; Ogwo, 1987; Samiee, 1993). In Asian Pacific countries for instance, a lack of infrastructure spending in the entire region could reach US \$3 trillion over 15 years (Strizzi & Kindra, 1998). Unfortunately, the whole processes of marketing development have not been used successfully because of the lack of development of sufficient infrastructure. Therefore, as some authors thought, one of the main reasons for much of Third World industry remaining developing is the lack of sufficient infrastructure (Amine & Cavusgil, 1986; Strizzi & Kindra, 1998).

### **2.5.9 Shortage of Marketing Information**

Unfortunately, many developing countries have no detailed knowledge and reliable data regarding marketing activities because they have one or more of the following reasons. First there is a gap between the academics and companies' life because most firms in developing countries do not allow their employees to spend time with academic researchers to bring out and communicate detailed information about the firm (Al-Naeem, 1997; El-Haddad, 1986; Tuncalp, 1988; Yavas et al., 1991). Second, funding hampers research efforts into developing countries difficulties. Business/management fields receive little funding compared with the status of physical sciences, engineering, and medicine (Yavas et al., 1991).

Third, the assistance elements, such as mass media in developing countries, are relatively undeveloped and typically do not provide adequate market coverage (Samiee, 1993). Fourth, there is no detailed knowledge or research and development departments (R&D) in the majority of companies in the developing countries (Bennett, 1998; Cavusgil & Yavas, 1984; Cundiff & Hilger, 1984; Tuncalp, 1988). Therefore, these reasons impact negatively on using marketing activities satisfactorily in these developing countries.

Based on this discussion related to the impact of the environmental factors on the applicability of marketing know-how to developing countries, we can develop for this study one of the main question and one of the main hypothesis.

- 1. Will the Saudi environmental factors be barriers against the employment of marketing know-how in the Saudi manufacturing sector as marketing manager perceive?**
- 2. There is no significant difference between perceptions of the Saudi/non-Saudi marketing managers for impact of the Saudi environmental factors on the application of marketing know-how in the Saudi manufacturing sector.**

## **2.6 Summary and conclusion**

This chapter set out to provide a survey of literature on two sides; theoretical views and empirical evidence. Its concern was with the overall performance of marketing know-how in developing countries. Three areas were covered, namely the evolution of marketing in developing countries, attitude towards transferability of marketing know-how to developing countries, and incidence variables in transferring marketing know-how to developing countries.

The main conclusion to be derived from this chapter is that marketing know-how has existed since the infancy of developed countries compared with its recent arrival in developing countries. While marketing principles are not considered to be acceptable in developing countries as one of the main elements for the economic

development of manufacturing firms, developed countries have improved and invented modern marketing and used it in all fields. Therefore, when developing countries recognise the important role of marketing in economic development, they persist in the transfer of marketing know-how (concepts and activities) with its roots in the industrial cultural of the United States and Western Europe. Accordingly, there is a big debate amongst authors: does marketing knowledge allow itself to be transferred to developing countries or it is impossible?

Regarding the viewpoints of authors to the transfer of marketing know-how to developing countries, there is a wide variety between agreement, disagreement and conditional acceptance. In spite of this disparity between the authors, two points are unanimously agreed. First, all these authors believe that marketing is very important in economic development no matter whether in developed countries or developing countries (Beveridge, 1995; Drucker, 1992; Samiee, 1993). Secondly, all developing countries still aspire to enjoy the benefits of modern marketing (Amine & Cavusgil, 1986). Although many investigations are made into this point in developing countries, it is impossible to achieve a general goal for developing countries. Because these investigations did not comprise all countries, and many of the authors proved that developing countries are not always homogeneous although there may be geographic proximity or socio-cultural similarity (Ojah & Han, 1997). Moreover, there are some countries which have had no studies on this subject, such as Yemen and the countries of Gulf Corporation Council. Due to the fact that Saudi Arabia is representative of Arabian Peninsula geography, economy, politics, population, and religion, this dissertation will try to participate in solving this equation by studying the Saudi Arabian environment as one of the developing countries which has not been investigated to date.



## CHAPTER THREE

### Background of Saudi Arabia

#### 3.1 Introduction

When any marketer wants to enter a new market, he must evaluate the environment of the target market especially when it is a distant or unfamiliar one (Ojah & Han, 1997). The main aim of this study is to explore the extent of the marketing activities in Saudi Arabia, to define the extent of the applicability of marketing know-how in the manufacturing sector. In order to achieve this, the researcher will describe the general Saudi environment and discuss what may influence the status of marketing in Saudi Arabia.

Saudi Arabia is the subject of world attention and trust for a number of reasons. First, it is a moderate Moslem power, and with the Holy Shrines of Makkah and Medinah is the focus of over one billion Moslems in the world who are obliged to face Makkah in their prayers five times a day. Second, while most Middle Eastern countries were colonised between 1920 and 1970, Saudi Arabia was not. As a consequence, Saudi Arabia has preserved the social values and the ancient Arabic traditions of its people. Third, Saudi Arabia sits on an immense body of oil with proven reserves in excess of 260 billion barrels, making up over 25 percent of global reserves. This makes Saudi oil reserves the single largest and Saudi the leading world producer and exporter (Bhuian & Al-Hassan, 1997; Long, 1997). The world therefore looks to Saudi Arabia as an important country which is expected to play a significant role in global political and economic issues (Schotta, 1995). Exploring the background of its culture, society, economy, and marketing system would be useful in order to create an integrated perception in these few chapters.

This chapter has six parts. The division of the Saudi environment into four parts: geography and demography, socio-cultural, political, and economic, as well as an introduction and summary. The fourth part comprises the summary.

## **3.2 Geography and Demographic Environment**

Knowing consumers and demography is the main aim for any marketing researcher, because the majority of marketing activities in any company depend on its people and their environment. Therefore, this section looks at the environment of the Saudis, where they live, their climate, and their current population.

### **3.2.1 Area and Borders**

Saudi Arabia is part of Southwest Asia, from the Gulf in the east to the Red Sea to the west. In the north there are borders with Jordan, Iraq and Kuwait, with Yemen and Oman in the south. Saudi Arabia is strategically located between Africa and mainland Asia, and has frontiers on both the Red Sea and the Arabian Gulf. It is no exaggeration to say that Saudi Arabia is at the centre of the world (Al-Farsy, 1990). Saudi Arabia is a vast land occupying an area of 865,000 square miles (2.23 million square kilometres). It is approximately equal to 80% of the Arabian Peninsula, one-third the size of the United States, and equal to all of Western Europe (Rashid & Shaheen, 1995). Therefore, the mail questionnaire is one of the best methods for conducting empirical studies in Saudi Arabia.

### **3.2.2 Climate**

The Arabian Peninsula is characterized by a hot climate with daily temperatures in the summer months exceeding 34C and at times 49C, particularly in the east central area (Al-Ibrahim, 1990). As the desert climate is dominant in the

majority of Saudi Arabia it rains little during winter. Dealing with the shortage of water is one of Saudi Arabia's main problems (Al-Farsy, 1990; Long, 1997). Due to the heat of summer in most parts of Saudi Arabia, a majority of managers (Saudi and non-Saudi) in the private sector prefer to take holidays between May and August to get out of the country. Therefore, empirical work for this study was carried out between October and April.

### **3.2.3 Population**

In the past, it was difficult to acquire dependable statistics on the population of Saudi Arabia because of the continued movement of the Bedouins to find grazing and water. The government of Saudi Arabia has for thirty years been carrying out great settlement projects for the Bedouins. The government sent preachers to the various tribes to teach them the essence of Islam and encourage them to engage in agricultural labour (Kroneme, 1997; Rashid & Shaheen, 1995). Now it is simpler to conduct an accurate population census and the government makes a general census every fifteen years. According to the 1974 (1393/94 AH) census, the population of Saudi Arabia was just over 7 million. The last general census was in September 1992 (see Table 3.1). The total population was 16.9 million, of which 12.3 million (72.7%) were Saudi nationals and 4.6 million (27.3%) non-Saudi residents (Business Monitor International, 1995). Of the Saudi national population, 50.4% were male and 49.6% female. Currently, it is estimated that more than half the Saudi population is under the age of 20 (Yavas & Abdul, 1993). Since then, by all accounts, the population has grown dramatically. Most recent estimates put the population of Saudi Arabia at 20.9 million (Al-Majalla, 1999). Consequently, the Saudi market should provide products which are suitable for the Saudi youth and non-nationals such as Indians, Pakistanis, Filipinos, and others from Arab countries.

**TABLE 3.1**  
**Population of Saudi Arabia**

Category	Nationals		Non-nationals	
	N	%	N	%
Male	6,211,213	50.4%	3,255,328	70.4%
Female	6,093,622	49.6%	1,369,131	29.6%
Total	12,304,835	100%	4,624,459	100%

Source: Saudi Arabia Information Center (1996).

### 3.2.4 Language

Companies expecting to conduct business in a foreign country should aim to learn the language of that country. The language is the best way of relating to customs and communicating with local companies and government departments.

Saudis are very proud of their language as it is the language of the Holy Quran and prefer to use it in their business transactions (Alqahtani & Cook, 1995). The official language of Saudi Arabia is Arabic. It is written from right to left with 28 characters. Arabic is important because more than 120 million people speak it throughout the Middle East and North Africa. It is also one of the most recognisable scripts because more than one billion Moslems learn it for religious reasons. The English language is widely spoken and understood as many Saudis have studied in foreign countries and the millions of guest-workers from different countries who work in its multinationals and local enterprises also use English (Bahuian & Al-Hassan, 1997).

Saudi companies and those who wish to do business in the Saudi market deliver their products and goods using the Arabic language because all draft documents are initially published in Arabic and the government stresses that all contracts or correspondence must be in Arabic. The government also requires companies, whether agents or foreign companies, to submit their accounts and statements to the Department of Zakat and Income Tax in Arabic (Alqahtani & Cook,

1995). Therefore, the questionnaire for this study was distributed with Arabic language except to a few companies with both Arabic and English.

### **3.2.5 Religion**

The only religion practised in Saudi Arabia is Islam. It plays a vital role in shaping almost every aspect of Saudi life. To understand the environment of Saudi Arabia, its traditions, political, economy, and social development, it is necessary to understand Islam (Al-Farsy, 1990). The word Islam is derived from the Arabic root "SLM" which means peace, submission, purity, and obedience. Islam was practised and propagated by the prophet Mohammed (peace be upon him) in the beginning of the seventh century AD (604). Islam called on humanity to worship only one God (Allah) by the Holy Quran (Word of God) which was revealed to the prophet Mohammed (peace be upon him). Islam is the foundation of Saudi Society. Islam directs Saudis in their daily lives, governing morals, male and female dress, eating habits, calendar, and business dealings (Saudi Arabia Information Center, 1996) (more detail in the next chapter).

### **3.2.6 Education**

The purpose of education in Saudi Arabia is to have the student understand Islam in a correct and comprehensive manner, to furnish the student with its values, to equip him with the various skills and knowledge to develop his conduct in constructive directions, and to prepare the individual to become a useful member in developing his community (Ministry of Education, 2000). When Saudi Arabia was founded, education was not accessible to every one and limited to instruction at religious schools and in mosques in urban areas. Saudi Arabia now has a nation-wide educational system that provides free training from pre-school through to university

for all its citizens. Today, Saudi Arabia's nation-wide educational system comprises eight universities, more than 100 colleges, and approximately 22,310 schools. The total number of students enrolled in all educational institutions has increased from 547,000 in 1980 to about 4.5 million in 1997 (Ministry of Planning, 1998).

Although there are more than 100 colleges teaching diverse fields of modern and traditional arts and sciences, there are only four colleges teaching business and commerce and only three marketing departments in the whole of Saudi Arabia. Fortunately, U.S. business schools support some business departments in Saudi Arabia. For example, the College of Industrial Management at the King Fahad University of Petroleum and Minerals is patterned after U.S. AACSB standards. The context of business education in this college is based on textbooks of U.S. origin or their translations (Yavas et al., 1991).

### **3.3 Socio-Cultural Environment**

The culture and society of a people influences many aspects of marketing. Knowledge of a society and culture is important as it will help marketing researchers and companies to adapt to the local environment. Moreover, the socio-cultural environment influences the most fundamental determinants of a person's wants and needs as consumer decisions and their purchases are influenced by culture and society as well as personal and psychological factors (Kolter, 1991). Saudi Arabia, like all countries, has specific cultural and individual society. Saudi cultural and Saudi society will be reviewed in the following section.

#### **3.3.1 Saudi Culture**

Culture is the way of life built up by a group of human beings that is then transmitted from one generation to another (Keegan, 1989). Knowledge of Saudi

culture not only helps marketers to adjust their programmes to suit that culture, but it also helps them to predict Saudi consumer behaviour. Saudi culture is the sum total of Arab tradition and Islamic practice (Ministry of Information, 1998a). Saudis support the Arab traditions of hospitality, love of religion, respect for strangers, gallantry, aiding the wronged, and patriotism. Liberating Kuwait in the Gulf War and the yearly pilgrimage (Hajj), both reflect the character of Saudi culture.

Islam is the major influencing factor on Saudi cultural life, dealings, behaviour, and belief. Their manner of dress, whether men or women, differs from other cultures. Women do not wear dresses which may attract men's attention, but wear any material provided it covers them with long sleeves and to the floor. Therefore, there are no companies selling pure silk clothes for men and rakish clothes for women in Saudi Arabia, because Islam prohibits this fashion and any manufacturing facility like this would be destroyed by angry Saudis. Moreover, Islam prohibits certain kinds of food and drink, pork meat, slaughtered dead animals, alcoholic beverages, and drugs (Abdalati, 1989). Saudi behaviour is strongly affected by Islam. If for instance, a business-person wanted to open a public theatre or cinema, Saudis would resist it. Although women participate in business, women are required to observe a high level of moral conduct in public and not mix with men, particularly in the workplace.

Because there are millions of foreign people making the (Hajj) pilgrimage, Saudi Arabia is influenced by a variety of cultures: Western, Indian, African, and East Asian. However, due to the strength of Islam the country's unique cultural heritage has remained largely intact. The majority of Saudis are not impressed with these cultures and have the self-confidence to insist that business be done their way, according to Islamic law and customs. Knowledge of the Saudi cultural and religious

norms is a requirement for all businesses in Saudi Arabia and those who want to enter the Saudi markets.

### **3.3.2 Saudi Society**

Three divisions comprise Saudi society: the named tribe, the village, and the town. Like most other Middle Eastern countries, social relationships in Saudi Arabia can be divided into two principles: organisation in terms of kinship relations, and organisation by administrative or common residence divisions. Tribal leaders have taken the responsibility for maintaining good relations with the central government (Libsky, 1959). Social relationships are important in business as well because the top executives in Saudi Arabia use interpersonal sources as main information sources more than impersonal sources in their business (Tuncalp, 1999). Saudi families are large compared with most Middle Eastern countries. In a Saudi house there are usually three or four generations living together: a man and his wife, his parents if they are living, his unmarried children, and sometimes married sons and their wives and children. Most Saudi families have a large number of children, therefore, more than 50% of Saudis are under the age of 20.

Moreover, the only correct form of relationship between man and women is marriage and the Saudi family is built upon this basis. Although the husband occupies the dominant role in family decision-making, his wife has great authority in running the household. A Saudi woman's activities, for the most part, are centred on the house and she does not go out in public alone or travel anywhere without a male escort from her family (Al-Farsy, 1990; Libsky, 1959). In addition, women have not been allowed to drive automobiles in Saudi Arabia until now. During the last two decades Saudi women have entered the workforce particularly in teaching, medicine and social work in conformity with the considerations of Islam (Al-Farsy, 1990). Women's



participation in business is still quite limited despite more than 600 commercial licences having been issued to businesswomen (The Economist, 1998). As a result, the questionnaires and interviews were made only with male marketing managers for this study.

### **3.4 Political-Legal Environment**

Generally speaking, the future and survival of any business company in a foreign country is heavily affected by its political and legal ideology, because business policies and strategies can be significantly influenced by the system in which it operates. This section will focus on the political-legal system in Saudi Arabia in terms of its relation to the business environment. Subsections will cover the Saudi political system and the Saudi legal system.

#### **3.4.1 Saudi Political System**

Saudi Arabia is a monarchy. The king, who governs the country according to Islamic law, is the central figure of the government and head of the country. The king administrates the central government through the Council of Ministers which was established in 1953 and whose members are appointed by the king. The Council is responsible for drafting and overseeing the implementation of domestic, foreign, financial, economic, industrial, educational, defence policies, and general affairs of Saudi Arabia (Saudi Arabia Information Center, 1996). The Government in Saudi Arabia derives power from the Holy Quran (Book of God) and the Sunna of the Prophet's tradition (Prophet Mohammed peace be upon him) (Al-Farsy, 1990; Rashid & Shaheen, 1995; Saudi Arabia Information Center, 1996). Consequently, any laws or regulation must be derived from the Islamic Shariah in order to have effect in a Saudi court (Ministry of Information, 1998b).

In early 1992, the government designed three systems: The Basic System of Government, the Consultative Council System, and the Provincial System. These documents are the foundation of the current political and legal system of modern Saudi Arabia. The first article of the basic system states that "Saudi Arabia is an Arab and Islamic sovereign state, its religion is Islam, and its constitution the Holy Quran and the Prophet's Sunnah (Mohammed peace be upon him), its language is Arabic and Riyadh is its capital". The system emphasises the equality of all Saudi citizens before God and the law. All are equal in the well-being, security, dignity and development of their nation.

Saudi Arabia adheres to the free market concept and its main policy is to maintain friendly relations with all countries, particularly the free industrialized nations. Its industrial policy is to encourage the private sector and attract foreign capital and technology in the Saudi economic development. The government is also ready to supplement the efforts of businesspersons in the private sector by establishing, financing, and participating in the management of large industrial initiatives. Saudi political stability provides an appropriate environment for business in Saudi Arabia. During the Five-Year Development plans (from the first plan to the sixth plan) Saudi politics has moved toward the attraction of foreign investments to partner local business. The seventh development plan, which calls for a new policy of attracting foreign investments to Saudi Arabia, will be discussed in the next section.

### **3.4.2 Saudi Legal System**

There are many legal variables in any country that impact on the profitability of any enterprise such as: taxes, trade regulations, and foreign investment. The legal system in Saudi Arabia influences every aspect of conduct in the Saudi business environment. It is important to highlight some basic laws governing the operation of

business in Saudi Arabia such as Islamic law, tax and Zakat law, trade regulations, and labour laws.

**Islamic law** (or Sharia in Arabic) refers to the laws and way of life prescribed by Allah for his servants. In Islam, Allah (God) alone is the lawgiver and legislator. Sharia or Islamic law derives from four sources: the Quran, the Sunna, the Ijma, and the Qiyas. The Quran is the direct word of Allah, and it is the most important source of guidance and rulings. It is relevant to all humanity everywhere and at any time. The second source is the Sunna of the prophet Mohammed (Peace be upon him). The Sunna confirms the rulings of the Quran and details some of the concepts which are briefly stated in the Quran, and gives rulings regarding matters not explicitly stated in the Quran.

The third source of law is the Ijma. The Arabic word "Ijma" means consensus of Muslim scholars. It refers to the legal rulings of Muslim scholars, based on their knowledge of the Sharia. It is similar to the Consultative Council in our modern age, but considers the majority of Muslim scholars of the world. The Qiyas is the fourth source of Sharia law. The Qiyas means reasoning by analogy. It is similar to regulations legislated by any country for the wellbeing of the people, however, provided that the regulations do not conflict with the Quran or the Sunna. Allah in the Holy Quran said "**O ye who believe obey Allah, and obey the messenger, and those charged with authority among you**" (Quran, 4:59).

Saudi law and its legal system comprise both the Sharia and the regulations. The Sharia always takes precedence over the regulations in the event of contradiction. The King in Saudi Arabia cannot legislate, however, he is allowed by Sharia and Muslim scholars in Saudi Arabia to issue regulations where they do not conflict with Islam both in name and content. The government enforces this Islamic law over all

people who are in the Saudi country regardless of social status, gender, nationality or religion (Ministry of Information, 1998a).

**Income law** in Saudi Arabia operates under two different sets of resources: Zakat and taxes. The Directorate General of Zakat and Income Tax is responsible for the interpretation of Zakat and Taxation law (Al-Farsy, 1990). The Zakat (which is the fourth pillar of Islam) is almsgiving for the needy of Islamic society. The main objective of Zakat is to take from the rich and give to the poor. Saudi citizens and companies must pay Zakat at an annual rate of 2.5% of profit for companies and an assessable amount for individuals (Rashid & Shaheen, 1995).

Income tax law was issued for the first time in Saudi Arabia in 1950 and was imposed on Saudis and non-Saudis alike. The taxation system in Saudi Arabia includes Zakat paid by Saudis whether personally or as a company, taxes paid by expatriates whether employees or as companies, and customs duty paid by both. Tax rates in Saudi Arabia differ between individuals and companies. Table 3.2 presents the income tax rates applicable in Saudi Arabia for individuals and companies.

**TABLE 3.2**  
**Saudi's Income Tax Rates (Expatriate & Company)**

Category	Annual Income (in SR)	Tax Rate
<b>Expatriates</b>	Less than SR 6000	0%
	SR 6001 – SR 10,000	5%
	SR 10,001 – SR 20,000	10%
	SR 20,001 – SR 30,000	20%
	Over SR 30,000	30%
<b>Companies</b>	On the first SR 100,000	25%
	SR 100,001 – SR 500,000	35%
	SR 500,001 – SR 1,000,000	40%
	Over SR 1,000,000	45%

Source: Rashid & Shaheen (1995), p. 198-199. (£1 = SR 5.75).

In 1993, the Saudi government stated that all foreign companies which were actively involved in capital investment of various industrial projects in Saudi Arabia, would be exempted from paying taxes on the profits acquired in Saudi Arabia. The

purpose of this decision was to encourage foreign firms to participate in Saudi industrial projects with their money and technology (Rashid & Shaheen, 1995; The Ministry of Industry and Electricity, 1994). Foreign firms will have a competitive advantage because they are richer in managerial and marketing expertise than local firms. Moreover, the reputation of foreign firms and their brand names in the developing countries' markets, marketing skills, experience, and their good capitalisation which enables them to use big budgets for all marketing policies.

**Foreign investment law** began when oil was discovered in Saudi Arabia in early 1938. Foreign investment is in an activity licensed in Saudi Arabia, while foreign investor means non-Saudi or a legal entity where all its partners are non-Saudis. The first legal requirement for foreign investment is that a Saudi must control at least 51% of any contract which was concluded since 1963.

At the beginning of this century, a General Investment Commission was established by the Supreme Economic Council. On the 11<sup>th</sup> April 2000, King Fahad approved a new system of foreign investment which contains 18 articles. This system gives foreign investors more facilities, privileges, incentives, guarantees and security. Foreign investment covers currency, financial and commercial documents, equipment, machinery, spare-parts, raw material, patent rights and trademarks, products and means of transportation. Foreign investors were given the right to obtain more than one licence in a variety of activities. Foreign investors are authorised to remit their share abroad, either by selling their equity or from the profits of a project or to use it in any legal manner. They are naturally authorised to remit the necessary sums to meet any contracting obligations pertaining to the project. Moreover, a licensed foreign firm has the right to own the required real estate for practising the licensed activity or housing personnel.

**Labour law** is valid for Saudi and non-Saudi workers, and determines contracts, business hours, holidays, salary or compensation, social service and insurance. A contract must be clear and honest between employer and employee, places of work must be safe and healthy and the contract must be certified in the Ministry of Labour and Social Affairs. Business hours in Saudi Arabia differ from government offices and private businesses. Government offices are open Saturday to Wednesday from 7:30 am to 2:30 pm, while private businesses are usually open from 8:00 am to 12 noon and from 3:00 pm to 6:00 pm every Saturday to Wednesday but Thursday from 8:00 am to 12 noon only. The maximum overtime is three hours per day with a 50% supplement. Social insurance is for Saudi or non-Saudis working in Saudi Arabia. It covers work risks, disability, retirement and death. There are only two official holiday periods in Saudi Arabia during which all government offices, private businesses, and educational institutes are closed. Salaries are paid weekly or monthly, at the place of work, and during business hours (Saudi Consulting House, 1999).

Due to the shortage of indigenous manpower in Saudi Arabia, millions of guest-worker expatriates come to work in multinational or national enterprises (Bahuian & Al-Hassan, 1997). The largest number of immigrant labourers comes from North Africa, South Asia or the Far East. The government has started to implement laws for workers, whether Saudi or non-Saudi, working in the public or private sector. Guest worker expatriates must get a work visa to enter Saudi Arabia and the visa endorsed by a Saudi sponsor. The majority of foreign workers receive their salary in Saudi Riyals, and they are free to exchange it into dollars or any currencies at any time. Guest worker expatriates must respect the regulations of Saudi Arabia and know the basics of Islamic law in order to protect themselves from penalties.

### **3.5 The Economic Environment**

Saudi Arabia's economic system is based on free and private enterprise. In general, researchers divide the Saudi economic environment historically into three periods. The first period (1902-1937) covers King Abdul-Aziz recapturing Riyadh and beginning the unification process, until the discovery of oil in 1938. The second period (1938-1970) covers the discovery of oil until the government launch of the first "Five-Year Development Plan" in 1970. The third period covers the years since the Five-Year Development Plans began to the present. The following section will look at the Saudi environment from different perspectives. As the first and second periods were short, they will be discussed briefly in the first subsection. The second subsection will describe the Five-Year Development Plans in detail, and the third will detail Saudi economic indexes. The role of the private sector in economic development will be reviewed in the fourth and final sub-section.

#### **3.5.1 The Initial Economic Situation**

At the start of the reign of King Abdul-Aziz prospects for growth and development seemed limited, opportunities for economic growth have since increased steadily. Until the end of the third decade of the twentieth century, there were no airports or trains in Saudi Arabia. Camel caravans transported Saudis and seaports only dealt primarily in pilgrimage travel. Transport between cities separated by hundreds miles of barren desert, was on rough unpaved roads. Industry was almost non-existent. The Saudi Arabia's sources of revenue were limited to agriculture, pearls, fishing, grazing, and general income from the annual pilgrimage of Muslims to the Holy Cities of Makkah and Madinah. At that time, economic conditions were such

that Saudi Arabia was classified as a poor or developing country (Al-Farsy, 1990; Long, 1997).

King Abdul-Aziz tried to identify other resources for his country and because petroleum had been discovered in many Arab countries, oil was his goal. The discovery of oil in 1938 had a dramatic impact on the economic, political, and social life of Saudi Arabia. King Abdul-Aziz began to make plans for the country's infrastructure in education, health, transportation, agriculture, and industry (Ministry of Information, 1998a; Saudi Arabia Information Center, 1996). Despite oil revenue being affected by fluctuations in the world oil market during the 1950s, the first formal national budget was prepared in 1948 to reflect the new change in the economic fortune of Saudi Arabia. By 1960, oil production had increased rapidly again to bring a high rate of growth to the economy as a whole. During this period development plans were made yearly. King Saud pursued the economic aims of his father and invested particularly in educational development. He established the University of King Saud in 1957, the Public Administration Institute in 1960, and the Islamic University in 1961.

On November 1962, Crown Prince Faisal Bin Abdul-Aziz was sworn in as the new King of Saudi Arabia. The process of development continued apace, and affected every walk of life. Major expansion in public service followed the improvements in the country's financial situation. Iron and steel began to be manufactured and more oil refineries were built to meet local consumption (Ministry of Information, 1993). In 1970, Saudi Arabia identified the major future characteristics of its economy and made long-term objectives. The first Five-Year Development Plan was put forward in September 1970.



### 3.5.2 The Role of the Five-Year Development Plans in the Saudi Economy

Planning is the primary instrument of development in any country. In order to stimulate Saudi economic growth, the government introduced a series of Five-year Development Plans. Although all government agencies are involved in the planning process, the main role is filled by the Ministry of Planning, which is responsible for the preparation of all sector plans and coordination at a national level (Al-Farsy, 1990). So far, six plans have been implemented and they have accomplished the national objectives of the nation by the movement of controlling development and directing it towards effective development. The seventh development plan is in the process of being established. Table 3.3 presents some detail of these development plans and the amount spent on major sectors. These development plans and their contribution to development in Saudi Arabia will be reviewed in the following subsections.

**TABLE 3.3**  
**Total Major Expenditures in the Seven Development Plans, and Budgets**

	<b>First DP</b>	<b>Second DP</b>	<b>Third DP</b>	<b>Forth DP</b>	<b>Fifth DP</b>	<b>Sixth DP</b>	<b>Seventh DP</b>
<b>Period</b>	1970 - 1974	1975- 1979	1980- 1984	1985- 1989	1990- 1994	1995- 1999	2000- 2005
<b>Budgets*</b>	41.30	498.00	783.00	500.00	327.8	472	NA**

\* In SR Billion. \*\* Not Available

The first comprehensive approach to economic development in Saudi Arabia was the First Five-Year Development Plan which covered the period 1970-71 to 1974-75. The budget allocated for this plan was set at SR 41.30 billion (approximately £7.2 billion) 44.5% of which was invested in capital projects. This budget was funded mainly by the higher revenue from the change in the oil price on the world market. During the period of the development plan, the oil price increased from \$1.80 per

barrel to around \$10.70 (Ministry of Planning, 1998). The main aim of this plan was to steady the expansion of the economy, improve government services, develop infrastructure, and improve the nation's human resources. Many schools and hospitals were built. A broadcasting service was set up and television introduced.

During the implementation of the second plan, which covered the period from 1975 to 1980, oil revenue rose rapidly and dramatically. Government expenditure in the second plan saw more than a twelve-fold increase over the first plan. A total of SR 498 billion (approximately £86 billion) was allocated for the improvement of infrastructure to support Saudi Arabia's rapid development. During this period, the government established many major economic institutions to assist in achieving the objectives of economic development and diversification. The government created the Ministry of Industry and Electricity, Saudi Arabia Basic Industries Corporation (SABIC), the Saudi Ports Authority, and founded a Royal Commission to develop the two large new industrial cities of Jubial and Yambu (Ministry of Industry and Electricity, 1994). The private sector concentrated primarily on construction and trade. As a result, the second plan enabled these needs to be met and led to the creation of jobs in both the public and private sectors.

The priority in the third plan, which covered the period from 1980 to 1985, was to complete the major development projects implemented by the second plan and to meet the rapidly increasing demand for improved education, health, and social services. This plan provided for an expenditure of SR 783 billion, (approx. £136.05 billion). Despite the shock to the world economy due to the collapse in oil prices in 1984, certain fundamental development projects were successfully completed. The government aimed to reduce dependence on the oil sector by establishing large public investment projects. This plan attempted to engage the private sector in the

development process and manufacturing industries were prominent in the private sector, while agriculture emerged as a high growth sector in response to government incentives and funding. On the other hand, this rapid pace of economic development required a large number of foreign workers, which highlighted the importance of developing Saudi human resources and gradually reducing the reliance on foreign workers (Ministry of Planning, 1998).

The Fourth Five-Year Development Plan was introduced in March 1985 for the period 1985 to 1990. The government emphasised completing the diversification of the economy by encouraging the private sector to play a leading role, and to expand government services to meet social needs. Although the total government expenditure earmarked to achieve these objectives was set at SR 1000 billion, the government was forced to reduce its planned expenditure allocated to development agencies in many areas by 20%. This was due to a further decline in the global price of oil early in the Fourth Plan. This situation caused the government to adopt a new planning methodology, which was to keep the level of expenditure in line with revenue (Al-Farsy, 1990).

The Fifth Five-Year Development Plan was introduced in October 1989 and covered 1990 to 1995. This plan may be regarded as the beginning of the second stage of planning development in Saudi Arabia. Target government expenditure was set at SR 753 billion, (approx. £ 130.5 billion) but real government expenditure was set at SR 327.8 billion (£56). The Gulf crisis and the War to liberate Kuwait caused a substantial decrease in government revenue and hence expenditure. Saudi Arabia's fiscal strategy aimed at rationalising government expenditure, and emphasised the importance of private sector expansion. It also stressed the need for greater private sector involvement in economic activities where the government had traditionally

been the main provider of services. The adjustment period following the liberation of Kuwait was characterised by huge uncertainty. The government reduced its expenditure to the pre-war level, while the private sector regained confidence, increasing investment considerably in real estate.

The Council of Ministers approved the Sixth Development Plan for the period 1995-2000 in July 1995. The Sixth Plan enhanced and broadened the main objectives of the previous development plan. This plan called for a new phase in the Kingdom's progressive development process. The government was ambitious in this plan because the Gulf War had finished and the region was stable. Planned government expenditure to achieve its objectives amounted to approximately SR 472 billion. Although the price of oil was not stable, the government's goals were realised. During this period, the private sector's contribution to the economic and social development process increased and the economy diversified to lessen its dependence on oil revenues. The government built new infrastructure to meet the needs of the growing population and improved social services such as education and health. The plan also delivered tremendous achievement in many different sectors of the economy, industry, construction, agriculture, mining, transport, trade and financial service.

As mentioned in a previous section, there are approximately four million foreign workers in Saudi Arabia and about 50% of citizens are under the age of twenty. This means that during the next decade more than six million Saudis will need jobs. For this reason, the Saudi government has undertaken a programme of "Saudisation" aimed at employing more Saudis in the public and private sectors and replacing expatriates at the rate of 150,000 per year (Ministry of Planning, 1996). The Sixth Plan called for the broadening of the technical skills of the Saudi population, and emphasised the economic diversification of the industrial and the agricultural

sectors by increasing the private sector's role in the economy. The Sixth Plan period saw around 700,000 job opportunities created by 191,700 new opportunities, 148,700 vacancies, and 319,600 openings by replacing non-Saudi with Saudi manpower. With the end of this Sixth Plan, Saudi Arabia has completed thirty years (1970-2000) of balanced and comprehensive development planning.

The current, seventh, five-year development plan covers the period 2000-2005. The objectives in the seventh plan are basically in accordance with the main principle of underlying long-term goals, and similar to the previous plans' objectives of safeguarding Islamic values, defining the faith and the nation, promoting the social and economic welfare of the people, joining WTO, and achieving economic and social integration among the Gulf Corporation Council countries (GCC) (Bourland, 2000).

During the first year of the seventh plan, Saudi Arabia has created a new council (Supreme Economic Council), a commission (General Investment Commission), and a system (The Foreign Investment System) to steer the Saudi economy and face new global trade patterns. The development will be delivered through economic efficiency, boosting the private sector's role, controlling government expenditure, joining the World Trade Organisation (WTO), encouraging foreign investment, and implementing Saudisation programmes.

### **3.5.3 Saudi Economic Indices**

To provide an index of economic performance in Saudi Arabia, this section will include gross domestic product (GDP), revenue and expenditures and rate of inflation.

**The Gross Domestic Product (GDP)** is the first indicator for economic force in Saudi Arabia. In 1963 Saudi Arabia's real GDP was only about SR 8.75 billion. However, Saudi Arabia being an oil economy and despite reducing dependence on oil

as the main source of national income, the changing oil price in the seventies pushed Saudi GDP to a higher level. Table 3.4 summarises the component of Saudi GDP for the period 1979-1997 and the percentages for each sector year by year.

**TABLE 3.4**  
**Gross Domestic Product (GDP) by Oil and Non-Oil Sectors at 1989**  
**Prices (in Millions of Saudi Riyals)**

Years	Oil Sector	Oil Sector Share %	Non-Oil Sector*	Non-Oil Sector Share %	Total
1969	9,025	54.33	7,586	45.67	16,611
1974	98,630	81.9	21,764	18.1	120,394
1979	198,526	61.3	125,545	38.7	324,071
1982	337,884	64.7	184,293	35.3	522,177
1984	132,556	38.2	214,869	61.8	347,425
1985	96,958	31.3	213,073	68.7	310,031
1986	67,461	25.2	200,385	74.8	267,846
1987	70,443	25.9	201,557	74.1	272,000
1988	69,116	25.0	207,793	75.0	276,909
1989	90,746	29.8	213,334	70.2	304,080
1990	148,053	38.5	236,940	61.5	384,993
1991	167,525	38.5	267,512	61.5	435,037
1992	186,524	41.2	265,774	58.8	452,298
1993	158,364	36.4	276,201	63.6	434,565
1994	157,722	35.7	284,014	64.3	441,736
1995	175,201	37.2	295,951	62.8	471,152
1996	212,629	40.9	307,746	59.1	520,375
1997	209,681	39.2	324,892	60.8	534,573

Source: Ministry of Planning, 1998. (Percentages calculated by researcher).

\* Non-Oil sector includes the private sector and the government sector.

In current prices, the gross domestic product (GDP) rose sharply from SR 16.6 billion in 1969 to SR 347.4 billion in 1984. However, in 1989 the GDP fell to SR 304.1 billion mainly due to the drastic reduction in the output of the oil industry. GDP increased progressively from 1993 and reached SR 534.6 billion in 1997 (Ministry of Planning, 1998). Generally, during the first four plans, the average annual growth rate of GDP was 14.6%, 7.8%, -2.2%, and 1% respectively, while the average annual growth rate during (1969-1997) was 3.4%. Despite declining government expenditure and falling GDP during the years of oil price decline years, the Saudis have succeeded

in coping with the crisis because the non-oil sectors' share of GDP has risen. This shows that the Saudis have prepared for the future by developing the non-oil sector, reducing dependence on the oil sector, and creating a more broadly based economy.

**The Saudi inflation** rate during the Five-Year Development Plan periods has been normal and stable compared with many industrial countries. Though the annual average growth rate of the cost of living index reached 11.5% during the first development plan period and 14.6 % during the second, it declined sharply during the third, reaching 1.4%, and was -2.9% during the fourth. In 1992 the average rate of the cost of living index fell by -0.4%, but rose again by 5.0% in real terms during 1995. It rose by 0.9% in 1996 but in 1997 it was zero percent compared to 1996. Table 3.5 presents the rate of change in the cost of living index from 1990 to 1997. Overall, the cost of living index rose at an average rate of 3.9% from 1990 to 1997.

**TABLE 3.5**  
**The Rate of Change in the Cost of Living Index During the Years**  
**1990 to 1997**

<b>Year</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>	<b>1993</b>	<b>1994</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>
<b>General Index</b>	103.1	107.8	107.4	108.3	119	114.5	115.5	115
<b>Percentage Change</b>	+2.1	+4.6	-0.4	+0.8	+0.6	+5.0	+0.9	-0.4

The ability to control inflation was due to a number of reasons. First, subsidies by the state to preserve low prices on basic items. Second, the free market economy adopted by the state which opened the door for commercial competition resulting in the application of the principle of supply and demand in the markets. Finally, the government's continual monitoring of the markets and prices as well as the adoption of necessary measures to handle any unusual changes (Ministry of Information, 1998b).

**The Revenue and Expenditure** in Saudi Arabia are still dependent on the oil sector for the majority of its revenue because change in oil prices will affect the level

of government revenue. There can be no clearer illustration of the extent of the economic challenges and problems that were faced by the government of Saudi Arabia than the figures for government revenues and expenditure particularly for 1970, 1987, 1990, and 1994. The government had to reconcile falling revenue with its commitments. To finance these budget deficits, the government used its reserves or resorted to new methods of deficit financing through domestic borrowing by issuing development bonds, and public sector companies raised funds in the international capital market (Ministry of Planning, 1996). Table 3.6 shows Saudi government revenue and expenditure over several decades.

**TABLE 3.6**  
**Saudi Arabia Government Revenues and Expenditures From 1970-**  
**1997 (Million SR)**

<b>Years</b>	<b>Total Revenues</b>	<b>Total Expenditures</b>	<b>Balance</b>
1969	5,668	6,079	(411)
1970	100,103	32,038	68,065
1975	211,196	188,363	22,833
1980	171,509	216,363	(44,854)
1982	313,400	313,400	0.0
1983	225,000	260,000	(35,000)
1984	214,100	260,000	(46,000)
1985	133,565	184,004	(50,439)
1986	76,498	137,422	(60,924)
1987	103,811	173,526	(69,715)
1988	84,600	134,850	(50,250)
1989	114,600	149,500	(34,900)
1990	154,721	210,430	(55,709)
1991	161,879	266,370	(104,491)
1992	165,400	232,500	(67,100)
1993	141,500	205,500	(64,000)
1994	129,000	163,800	(34,800)
1995	146,500	173,900	(27,400)
1996	179,100	198,100	(19,000)
1997*	170,250	210,000	(39,750)
1998	178,000	196,000	(13,000)
1999	143,000	189,000	(46,000)
2000	248,000	203,000	45,000
2001**	215,000	215,000	0.0

Source: Ministry of Planning, 1998. \* (U.S.-Saudi Arabian Business Council, 2000).

\*\*The budget for 2001 contains anticipated amounts.



Despite government expenditure not being stable for the past three decades, the Saudi government has succeeded in achieving many of its objectives and Saudi Arabia has managed to reverse the downward trend in demand for oil. Saudi expenditure increased and reached a maximum level because of a dramatic increase in the demand for infrastructure projects. The Saudi budget has been in deficit since 1983 and reached its lowest level in 1988 due to the decline in government revenue as a result of low oil prices. Government expenditure in the second year of the fifth plan rose to its highest level in response to the Gulf crisis. In the last year of the sixth plan, demand for oil in the world market rose and prices reached \$30 per barrel. Though the Saudi budget shows a deficit of SR 34 billion for the first year of the seventh plan, economic analysts are expecting Saudi revenues to be higher than expected and the deficit could be less than SR 15 billion (Riyadh Bank, 2000; U.S.-Saudi Arabian Business Council, 2000).

#### **3.5.4 The Role of the Private Sector in the National Economy**

The private sector in Saudi Arabia is unlike other countries because of its commitment to the principles of Islam and traditions that foster freedom for individuals to engage in the economic activity of their own choice. This private sector values the philosophy of the free market economy, as stated in development plans and granted by the state (Ministry of Information, 1998b). The concept of the private sector in Saudi Arabia flourishes normally in all economic activity which is not performed by the government or government-owned companies. This includes all private firms operating for profit and non-profit, whether formal or informal. Three major categories of economic activity comprise the Saudi private sector: (i) commercial, industrial and service establishments registered in the Commercial Register, (ii) retail outlets and small service facilities and workshops licensed by

municipalities, (iii) agricultural holdings and related production units (Ministry of Planning, 1996). The scope of the private sector in Saudi Arabia is based on the criterion of privately owned establishments with the aim of realising profits, in addition to non-profit private organisations such as chambers of commerce and co-operatives.

The private sector includes companies of mixed public and private ownership such as the Saudi Arabian Basic Industrial Corporation (SABIC), Saudi Arabian Public Transport Company (SAPTCO), the Saudi Arabian Fertiliser Company (SAFCO), and all cement companies as well as a number of commercial banks such as the Bank of Riyadh, Al-Rajahe Bank, the Saudi British Bank and the Saudi American Bank. Private sector ownership in these companies ranges from 30% in the case of SABIC to 99% in Saudi cement companies (Ministry of Planning, 1996).

The Saudi private sector has a long history going back to early Islamic times and gained a modern economic perspective with the implementation of the first development plan. At that time, the private sector was primarily involved in service trades such as banking as well in some modest forms of production such as plastics manufacture and electricity generation. During the second and third plans, with their increase in government expenditure, the private sector began to shape up more forcefully as it successfully implemented a wide range of industrial, agricultural, service sector, health care, transport, and maintenance projects. The real role of the private sector in Saudi development began after the historic increase in oil revenues. Although Saudi oil revenues fell during the fourth and fifth development plans, the private sector adapted to the changes and reduced its reliance on government expenditure (Taecker, 1995).

During the fourth and fifth plans, the real output of the private sector grew fivefold in volume and private investment increased sevenfold. At the beginning the sixth plan and especially after the Gulf War, the private sector consolidated its role as an active and key player in the economic growth process. During the sixth plan, private investment gained momentum and entered most sectors of the national economy, exceeding earlier expectation. Private sector investment has seen increases of 4.9 percent, production sector growth has reached 4.2 percent, and service sector growth is at 4.4 percent per year (U.S.-Saudi Arabian Business Council, 2000).

In this new century, the Saudi economy will face great challenges where the private sector will be required to work with government within the framework of the Seventh Plan. The private sector is expected to play an increasing role in finance, building, social services, and operating key facilities in the field of basic infrastructure.

### **3.6 Summary**

This chapter aimed to describe the characteristics of the Saudi environment and provide for any specialist readers, whether researchers or businessmen, a suitable introduction and some data on Saudi Arabia. General information about the country was presented in the first section. The second section described Saudi society and culture, while the political-legal environment of Saudi Arabia was included in the third section. The fourth section described the beginning of economic development in Saudi Arabia and the role of the five-year development plans. Saudi economic indexes were also given in this section and the role of private section in the notional economy. The economic environment of Saudi Arabia was the core of this chapter because

Saudi economic development is one of the most ambitious development programmes that has been undertaken in the world (Al-Farsy, 1990).

As this research will focus on the marketing position in the manufacturing sector in Saudi Arabia, details of the development of Saudi manufacturing companies and their marketing strategy will be the subject of the next chapter. The next chapter will also look at real marketing practices in Saudi Arabia as this needs to be viewed in the context of its environment.

## **CHAPTER FOUR**

### **Manufacturing & Marketing in Saudi Arabia**

#### **4.1 Introduction**

As was mentioned in the previous chapter, one of the main objectives of this study is to define the extent of the application of marketing know-how in the Saudi manufacturing sector. The previous chapter generally looked at the Saudi environment from four perspectives: demographic, socio-cultural, political and economic. The main purpose of this chapter is to define the significance of the manufacturing sector in the Saudi environment and the impact of marketing on the Saudi economy, with emphasis on private manufacturing. This chapter will describe the manufacturing sector in Saudi Arabia and the role of marketing in it.

This chapter will consist of two main sections in addition to an introduction and a summary. Each main section of this chapter has a number of sub-sections. The researcher will shed light on Saudi private manufacturing, its development, make up, related industries and the procedures the Saudi government provides for private sector national industry projects. The second section of this chapter focuses on the system of marketing in Saudi Arabia. The development of marketing in the Arabian Peninsula in past centuries, marketing from the perspective of the Islamic faith and the role of marketing in the Saudi manufacturing sector will also be discussed in this section.

#### **4.2 The Industrial Sector in Saudi Arabia**

The modern of Saudi Arabia has existed for approximately one hundred years. Considering the young age of Saudi Arabia, it has made great strides in developing almost all sectors of its economy. The development of industry has been one of the

Saudi government's strategic goals, and manufacturing the primary component of economic development (Al-Jaifery, 1999). It is a Saudi government economic policy objective to diversify the Saudi economic production base through investments in natural resources and the development of non-oil sectors using domestic raw material in all regions. This section will discuss the development of industry in the previous, present and future review of industries.

#### **4.2.1 A Historical Review of Industry in Saudi Arabia**

The achievements made in manufacturing in Saudi Arabia were accomplished in three consecutive phases. Each phase has different characteristics stemming from the corresponding diversity in political, economic and social circumstances. Industry in the Arabian Peninsula before unification differs from industry when King Abdul-Aziz unified it and established Saudi Arabia. There is also a stark contrast between the modern Saudi industry of thirty years ago and industry at the beginning of the unified Saudi Arabia (Ministry of Industry and Electricity, 1999). These phases will be discussed in the following section.

##### **4.2.1.1 Industry before the establishment of Saudi Arabia**

During the eighteenth century, before King Abdul-Aziz unified the Arabian Peninsula under the name of Saudi Arabia, each region depended on locally available raw materials. The exploitation of materials was dictated by geography and social needs and was restricted by the long distances between population centers and the absence of fast, reliable and safe means of transport between the regions. Each region in the Arabian Peninsula has different resources that could be exploited within local conditions and the needs of the time. These have given certain characteristics to each region. Crafts and cottage industries evolved and were named after the regions of

manufacture. For instance, the textile trade and rug making were spread in the northern regions where there is high cattle density. Industries dependent on palm leaves and wood-making were spread in agriculture regions such as Al-Hassa. There are many examples of traditional trades and handicrafts which were spread all over Saudi Arabia. Some of these are still practised on a small scale.

Craft trades were not widely spread in central Saudi Arabia (or in Al-Najd Region) because raw materials were not available and people did not settle permanently in the region. Nevertheless, a minority worked in some essential industries like metalwork, carpentry, pottery, tent-making, camel saddlebag-making, water-skin-making, and shoe-making. However, these industries were limited and were not enough for people in the central province. The western province (or Al-Hijaz) is an important region as every Moslem hopes to reside in it. Consequently, it has a number of cities like Makkah, Al-Madinah, Taif, Jeddah, and Yanbu (Rashid & Shaheen, 1995). A variety of craft skills spread in the many cities of the western region due to its geographical structure and conditions in the province. Weapon manufacture, like swords and arrows, was widespread in Makkah. Leather tanning was another major trade of this province. As there are gold mines near Al-Madinah, the art of gold manufacture flourished and the citizens of Al-Madinah were famed for their gold jewelry, necklaces and rings. Ship and boat building were widespread along the Red Sea coast of Jeddah and Yanbu.

The northern province is famous for rugs and carpets, and as the local resource is cattle breeding, many skilled leather, woolen, cotton and fabric craftsmen were located there. There are other industries which depended on palm trees like mats, spreads and fans (Ministry of Information, 1993). The northern province also produced coffee tools, wooden reels, household products, horse saddles, and camel

products (Ministry of Industry and Electricity, 1999). A variety of craft skills and manufacture spread in the Asir region due to the availability of plentiful supplies of mineral raw materials. For example, leather tanning which uses animal skins and hides for the manufacture of shoes and water-skins. Wood products were famed due to the variety and abundance of trees in this region. This province is historically acknowledged for other industries like dyeing and textiles.

The people in the Eastern Province (or in the Al-Hassa region) are of two types: either farmers or sailors. The farmers live in the largest oasis in the Arabian Peninsula, while the sailors live along the coasts of the Arabian Gulf (Ministry of Information, 1993). The majority of manufacturing in the Arabian Peninsula was in the eastern province for the following reasons. First, raw materials, manpower, land and customers were available in this region. Second, many provinces in the Arabian Peninsula and other areas of Gulf Corporation Council were dependent on Al-Hassa agricultural products (Al-Taher, 1999; Ministry of Agriculture and Water, 1995). The commercial relations between the inhabitants of this province and the people of India have had a great effect on economic and industrial activities (Ministry of Industry and Electricity, 1999). The province was also famous for fabrics and clothing from which the region's Arabic name derives. These are still manufactured and worn by Saudi men (Al-Taher, 1999). Ship and boat building, historically dependent on woods bought from India, was widespread along the Gulf coast (Ministry of Agricultural and Water, 1995).

#### **4.2.1.2 Industry at the Beginning of Saudi Arabia**

Industry during the reign of King Abdul-Aziz before the discovery of oil was similar in condition to the eighteen century except for the safety of trade between the provinces (see Table 4.1).



**TABLE 4.1**  
**Factories, Plants, and Workshops at the Founding of Saudi Arabia**

No	Industrial Activity	No. of Factories		
		Eastern Province	Central Province	Western Province
1	Manufacture of Sand, lime and clay bricks	-	1	4
2	Manufacture of Hollow clay and concrete bricks	52	40	81
3	Manufacture of Cement	-	-	1
4	Manufacture of lime and gypsum ovens	-	2	2
5	Manufacture of concrete pipes	6	2	6
6	Tiles and marble factories	14	16	19
7	Steel works for buildings (Windows and doors)	13	8	11
8	Manufacture of iron pouring	2	-	3
9	Machine workshops	15	8	22
10	Manufacture of copper bars and plates	1	1	-
11	Manufacture of nails and wire drawing	-	1	1
12	Manufacture of tin plates and aluminium house wares	-	-	2
13	Metal plating factory	-	-	1
14	Manufacture of tyre retreading	-	-	2
15	Manufacture of car bodies	2	2	3
16	Manufacture of sunshades	2	-	1
17	Manufacture of building hangers	15	14	23
18	Manufacture of boats	-	-	1
19	Manufacture of wooden furniture	2	-	7
20	Manufacture of metal furniture	1	-	4
21	Automatic bakeries factories	1	1	4
22	Manufacture of macaroni	-	-	1
23	Manufacture of sweets confectionery	-	-	7
24	Dates packing factories	1	-	1
25	Manufacture of leather tanning	20	-	5
26	Manufacture of cold drinks	3	6	6
27	Ice factories	13	8	18
28	Manufacture of clothes	25	-	-
29	Manufacture of footwear	1	-	1
30	Soap factory	-	-	1
31	Manufacture of paper bags	1	-	1
32	Manufacture of plastic forms	-	-	1
33	Manufacture of ceramics	20	-	23
34	Matches factory	-	1	-
<b>Total</b>		<b>210</b>	<b>111</b>	<b>263</b>

Source: Ministry of Industry and Electricity, 1999.

Production increased slowly as each province developed new products. Industry began to diversify when Saudi Arabia extracted oil in 1938. From this point onwards, Saudi Arabia witnessed an increasing number of manufacturing enterprises.

The law of the Chamber of Commerce and Industry of Jeddah was issued in 1946, while the first general report on the development of industry in Saudi Arabia was prepared in 1961. As recently as 30 years ago, the manufacturing sector in Saudi Arabia was growing at a slow pace as it required high capital investment, technological expertise, technical skills and management techniques. Industrial production techniques were not as advanced as they are today. For example, computers were not widely available or effectively used in manufacturing processes at this time.

#### **4.2.1.3 Modern Industry in Saudi Arabia**

The Industrial sector has been a department of the Ministry of Commerce since 1961. The Ministry of Commerce took a successful early step towards industrialization and set up plans geared toward the encouragement and enhancement of industry. In 1968, the ministry was split into two, one section for commerce and the other for industry. With the increasing importance of industry and its role in the development process, two agencies were established and headed by two Deputy Ministers, one for Industry and Electricity and the other for Commerce and Supply.

In 1975, with the success of the First Development Plan (1971-1975) and the beginning of the Second Development Plan (1976-1980), huge and ambitious industrial programmes required a Ministry to shoulder the responsibility and help achieve objectives. Royal Decree No. A/236 dated 1975 was issued. This established the Ministry of Industry and Electricity. Saudi Arabia began to follow the approach and techniques of comprehensive development, beginning with the five-year development plans, industry received considerable attention. The industrial sector in Saudi Arabia is divided into two main categories: Basic Industries and Manufacturing Industries.

The basic industries in Saudi Arabia are owned by the state because of their huge size and their high start-up costs of hundreds of millions of pounds, which cannot be raised by the private sector. Basic industrial links to major resources such as petroleum, gas and minerals are also state-owned. The state established a large group of basic industrial factories under three major organisations, which are The Saudi Arabian Basic Industries Corporation "SABIC", The General Corporation for Petroleum and Minerals "PETROMIN", and The Saudi Oil Company "ARAMCO". This sector is not part of this thesis because our subject is the private manufacturing sector, which comprises the manufacturing industries. Therefore, the status of manufacturing industries will be discussed in the next section.

#### **4.2.2 The Status of Manufacturing Industries in Saudi Arabia**

National manufacturing industries began in the early 1970s. Their production included food and beverages, textile and leather, wood products and furniture, paper products, printing and consumer publications, chemicals, medical products, plastic products, machinery, materials and products for home and office and metal fabrication. These categories include thousands of subsidiary national industrial products (Ministry of Industry and Electricity, 1999). The government supported this sector in many ways; for instance, by offering government industrial development incentives, subsidised land, interest-free loans, and guarantees of government purchase of the output of companies (Ministry of Information, 1998b; Bhuian, 1998). Moreover, the government established goals, incentives, resolutions, and policies to support this sector and encourage its success in the Saudi environment.

According to the Ministry of Industry and Electricity, the objectives of the manufacturing sector are to:

1. Increase the economy's capacity to produce a range of commodities at a price that will enable it to compete effectively in domestic and foreign markets.
2. Exploit the advantages of low-priced energy, the abundance of the raw materials extracted from oil and its derivatives to diversify the industrial base.
3. Encourage the full utilization of the capacities of the private sector in the manufacturing industries.
4. Expand and deepen links with international modern industrial technology.
5. Address the balance of regional industrial development.
6. Raise productivity in the industrial sector by encouraging the establishment of factories with optimum production capacity.
7. Lessen the dependence of industry on non-Saudi labour through education and the adoption of on-the-job training.
8. Increase the co-operation of and the integration between existing industries.

To encourage businessmen to invest in projects of potential benefit to the national economy, the government is prepared to offer encouragement and financial incentives to all industrial sectors. The state has provided various means of protection and support for national industry products. To this effect a number of Royal Decrees have been issued and include:

1. **All Government Specifications Must Include Saudi Products** "Technical departments in ministries and public organizations as well as consultants working for the government are hereby obligated to give priority to the products of Saudi industry in their specifications as long as the said products are satisfactory."
2. **Absolute Priority For Saudi Products** "Saudi products and manufactured goods are to be preferred over similar foreign goods as long as they serve the purpose for which they are needed, even if their quality is lower than those of foreign products."
3. **Direct Purchase of Locally Made Products** "Whenever national industrial products are available, they may be directly purchased if produced by a single factory. If produced by more than one factory, purchases should be made by tendering and the suitable price in both cases should be determined by the Ministry of Industry and Electricity."

**4. Prohibition of Importing Goods Similar to those manufactured locally** “All government contracts shall contain a clause obligating contractors to purchase locally manufactured goods listed by the Ministry of Industry and Electricity. These contractors are prohibited from importing goods similar to those in the lists.”

The establishment of industrial cities is one of the supports and incentives introduced by the government to investors in the industrial sector to reduce start-up costs for factory owners. The Ministry of Industry and Electricity is represented by the General Department of Industrial Cities. The establishment of industrial cities began in 1970 with three cities, one in Riyadh, one in Jeddah and one in Dammam. The Ministry is developing these industrial cities and establishing others according to regional needs and following qualitative and quantitative progress in national factories. At present there are fifteen industrial cities under the supervision of the ministry as shown in Table 4.2. These are in addition to two other industrial cities under study in Arar and Jizan. Industries in these cities benefit from a number of advantages such as:

1. Getting basic services adequate to their needs such as electricity, water, telecommunications, and sewage.
2. Industrial Cities make available facilities such as banks, post offices, police stations, medical clinics, mosques, civil defence centers, and land for housing workmen at affordable rents.
3. The close proximity of industries in these cities creates an ideal opportunity for interaction and integration.

Saudi Industries Development Fund SIDF supported the goals of consecutive five-year development plans in the field of industrial development by offering interest-free medium and long-term loans for the establishment of new industrial

projects or the expansion of existing ones. This contribution has had a great impact as it has enabled national factories to meet local market demand for several goods and to export surplus production to foreign markets (Ministry of Industry and Electricity, 1999). Table 4.3 presents the number of projects and amount of loans extended until 1998 by sector).

**TABLE 4.2**  
**Industrial Cities under the Supervision of the Ministry of Industry and Electricity**

<b>Industrial Cities</b>	<b>Total Area Thousand m<sup>2</sup></b>	<b>No. of Stages Developed</b>	<b>Project Value in SR.</b>
First Industrial Cities in Riyadh	451	Developed	35 Million
Second Industrial Cities in Riyadh	21,786	3	568 Million
First Industrial Cities in Jeddah	12,788	4	421 Million
Second Industrial Cities in Jeddah	8,000	Under Development	---
First Industrial Cities in Dammam	2,704	2	115 Million
Second Industrial Cities in Dammam	24,000	2	444 Million
First Industrial Cities in Makkah	758	Developed	45 Million
Second Industrial Cities in Makkah	3,376	Under Development	---
Industrial Cities in Al-Hassa	1,500	2	146 Million
Industrial Cities in Al-Qassim	1,500	2	140 Million
Industrial Cities in Al-Madinah	9,948	Under Development	33 Million
Industrial Cities in Aseer	3,000	Under Development	26 Million
Industrial Cities in Hial	2,560	Under Development	---
Industrial Cities in Tabuk	4,000	Under Development	---
Industrial Cities in Al-Jouf	3,000	Under Development	---
<b>Total</b>	<b>99,371</b>		<b>1973 Million</b>

Source: Ministry of Industry and Electricity, (2000).

#### **4.2.3 The Future of Manufacturing Industries in Saudi Arabia**

Saudi Arabia has a foundation for establishing a large diversified industrial sector base. There are some factors that support present and future Saudi industrial growth. This includes the adoption of free market economy principles and freedom of capital and profit transfer. Political stability lessens the fears of foreign investors

regarding risks of confiscation and nationalisation. Economic stability and monetary stabilisation grants also maintain the value of assets of foreign investors.

**TABLE: 4.3**  
**Number of Projects and Loans Extended by the Fund up until 1998**  
**by Minor Sectors**

Sector	Number	Loans Committed	
		Amount (SR million)	%
Food	212	3,037	9.24%
Beverages	34	661	2.01%
Textiles	48	1,402	4.27%
Leather & Substitutes	22	106	.32%
Carpentry Product	8	36	.11%
Wooden Furniture	40	296	9%
Paper Products	57	1,013	3.08%
Printing	34	192	.58%
Chemicals	150	6,480	19.72%
Oil & Gas Products	19	1,097	3.33%
Rubber Products	9	39	.12%
Plastic Products	167	1,963	5.98%
Ceramic Products	8	401	1.22%
Glass Products	40	1,215	3.7%
Cement	17	4,730	14.39%
Other Building Materials	227	2,505	7.62%
Metal Products	265	4,707	14.32%
Machinery	65	632	1.93%
Electrical Equipment	81	1,247	3.79%
Transport Equipment	45	743	2.26%
Other Manufacturing	31	362	1.10%
<b>Total</b>	<b>1,579</b>	<b>32,864</b>	<b>100 %</b>

Source: Saudi Industries Development Fund, 1999.

The availability of energy at attractive prices and an infrastructure including roads, ports and intercommunications are essential elements in supporting the production process. The availability of raw materials essential for production is the main foundation of industry. Table 4.4 indicates the increase in the number of productive factories licensed under the Protection and Encouragement of National Industry Law during the period 1980-1999. The number of factories was 846 at the end of the Second Development Plan and rose to reach 3088 at the end of the sixth Development Plan. This means that the percentage increase in the growth in Saudi

factories between the Second and Sixth Development Plan was 265%. During that period, the percentage increase in factories varied for each sector according to type.

**TABLE: 4.4**  
**Total Productive Factories, Classified by Industrial Sector and Year**  
**during the Period 1980-1999**

<b>Industrial Sectors</b>	<b>1980</b>	<b>1985</b>	<b>1990</b>	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>	<b>1999</b>
Manufacture of food & beverages	147	238	308	360	391	404	426	493
Textile, clothing apparel and leather industries	15	27	53	94	108	115	121	133
Manufacture of wood & wood products	26	51	81	104	109	121	125	133
Manufacture of paper, printing & publishing	70	108	131	160	163	170	174	186
Manufacture of chemicals & plastic products	119	230	313	430	463	501	515	635
Manufacture of construction materials, chinaware, ceramic and glass	223	323	390	461	363	476	493	557
Basic metal industries	4	6	8	10	15	13	13	97
Manufacture of machinery, equipment and fabricated assembling products.	232	395	553	659	685	717	737	801
Other Manufacturing industries	10	28	50	58	59	62	56	53
<b>Total</b>	<b>846</b>	<b>1406</b>	<b>1683</b>	<b>2355</b>	<b>2476</b>	<b>2579</b>	<b>2669</b>	<b>3088</b>

Source: Ministry of Industry and Electricity, 2000.

Many researchers consider that Saudi Arabia enjoys a remarkable share of natural incentives besides other traditional ones, which combined together will contribute to the growth of the manufacturing sector in Saudi Arabia (Ismail, 1999; Saudi Consulting House, 1999; Alma'lme, 1999). However, the researcher considers that the growth of Saudi factories and products would be impossible without marketing activities to promote them in the Saudi and foreign markets because some Saudi businessmen complain about an excess of supply over demand and a product surplus (Al-Enezee, et al. 1999; Al-Fehade, 1996; Al-Mulhem, 1997; Asslome, 1999; Idrees, 2000; Leonidou, 1995). A description of marketing in Saudi Arabia is presented in the next section.



### **4.3 Marketing in Saudi Arabia**

Saudi Arabia is an important target market for many international companies as it has an annual per capital income among the highest in the world, and a fast pace of economic development (Tuncalp, 1994). For example, despite a slump in global car sales, the Saudi market continues to be one of the most lucrative markets for new car manufacturers and exporters (Bhuian & Al-Hassan, 1997; O'Sullivan, 1994). Due to the shortage of indigenous manpower in Saudi Arabia, more than four million guest-worker expatriates from different countries work in Saudi Arabia (Bhuian & Al-Hassan, 1997). Consequently, the Saudi market is considered to be relatively complex, with numerous segments and niches (Leonidou, 1995; Tuncalp, 1988).

The following section has three sub-sections. The first will describe marketing in the beginning of Saudi Arabia. More detail on marketing activities when the Saudi environment was more urbanized will comprise the second sub-section. The relationship between Islam and marketing will comprise the final sub-section.

#### **4.3.1 Marketing at the Beginnings of Saudi Arabia**

Generally speaking, before the discovery of oil most Saudi cities were small towns or large villages with the exception of some big cities such as, Makkah, Medina, and Jeddah on the west coast; Riyadh in the middle region; and Al-Hassa on the east coast. Some external and pilgrim trade was centered around the west coast cities, and much of the prosperity of these cities was derived directly from the pilgrim trade. The second region which had some external trade and trade activities was Al-Hassa, because of its location and its being the biggest agricultural area in the Arabian Peninsula (Al-Taher, 1999).

Despite the spread of peace among people after unification, markets and marketing in the Saudi environment before the discovery of oil was very weak. The traditional market up to late the 1970s was the centre for shopping activity in every Saudi town and sales were closed after a lengthy bargaining process. The price of any product complied with the demand and supply of this product. Buying and selling by exchange for local production is the general phenomenon in many Saudi markets. For instance, the Bedouin goes to the nearest village to exchange his animal products for agricultural products. The villager travels to the nearest town to trade food in exchange for products not derived from animals or grown on the farm. The merchant in town goes to the big city to import goods from agents, and at the same time, travels to the village or to the Bedouins to exchange products. Consequently, the Saudi marketing system has been restricted by this behaviour (Abu Naba'a, 1984). Fortunately, this situation has changed. Further details of marketing are in the next sub-section.

### **4.3.2 Urban Marketing in Saudi Arabia**

Following the brief overview of the market and marketing activities in the Arabian Peninsula and the beginnings of Saudi Arabia, the focus will now be on marketing during the last three decades to identify the changes between the past and the present. The discussion will relate to elements of marketing-mix and market research.

#### **4.3.3.1 Product**

For a product to be in high demand and sold in the Saudi market, manufacturing companies should study the market requirements and the Saudi environment. In addition, the products sold in the Saudi market should comply with certain rules and

regulations stipulated by the Saudi Arabian Standards Organisation (SASO). As mentioned in the previous section, the Saudi market is considered to be relatively complex and dynamic because approximately 20% of the population is non-Saudi with many different languages, religions and cultures. The Saudi market requires various kinds of domestic or foreign products that should be suitable for all the consumers in Saudi Arabia. Other important requirements, religious, cultural and traditional will influence their choice of product. For example, white clothes are preferred by men and long dresses for women. Saudis prefer fresh products and are accustomed to buying poultry and meat slaughtered according to Islamic regulations (Yavas & Tuncalp, 1984).

The packaging of products sold should be secure, resistant to rough handling during transport and be adapted to the characteristics of the Saudi market (Leonidou, 1991; Tuncalp, 1990). The labelling of products should clearly indicate the name and address of the manufacturer. The Saudi market requires products to have sufficient description such as brand name, date of manufacture and a list of ingredients. All these details must be printed in both Arabic and English (Hill and Still, 1984). The Arabic text for the local consumer, and the English for non-Arabic speakers in the Saudi population.

The Saudi adoption of the free market economy in addition to the high purchasing power of the consumer has attracted a large number of products with international brand names and specifications. The majority of Saudi consumers are aware of the quality of products and their warranties because their income is among the highest in the world. They prefer American, European and Japanese products respectively (Bahuian, 1997). Manufacturing companies should heed Islamic requirements, government regulations and international standards so their products

can be sold in the Saudi market (Bahuian, 1997; Bahuian & Al-Hassan, 1997; Hill & Still, 1984; Leonidou, 1995; O'Sullivan, 1994; Tuncalp, 1988; Yavas & Tuncalp, 1984).

#### **4.3.3.2 Price**

An increasing number of manufacturing companies in the Saudi market are facing difficulties operating profitably, and the price of goods is the most important factor in the Saudi market (Leonidou, 1991). A number of researchers found that the Saudi market has been a buyer's market since the early 1980s (Al-Hammad, 1988; Bahuian, 1997; Bahuian, 1998; Leonidou, 1991; Tuncalp, 1988). The researchers support their result for many reasons. First, according to Table 4.4, the number of factories is increasing in Saudi Arabia yearly. However, producers complain that demand for their products is far less than supply (Al-Fehade, 1996; Almadee, 1999; Al-Mulhem, 1997). Second, the level of income and the Saudi economy has led the consumer to dominate the market (Al-Hammad, 1988; Leonidou, 1991; Tuncalp, 1988). Third, the government's free trade policy has exposed the Saudi market to a wide range of local and international products and allowed Saudi consumers to compare and select between thousands of products from all over the world.

Although the quality of a product will continue to be an important factor, consumers consider price the most important of all factors. Therefore, price reductions and gifts can be very effective marketing tools in the Saudi market where consumers are confronted by a variety of prices for exactly the same product (Leonidou, 1996; Tuncalp, 1990). For this reason, a number of manufacturing companies, both local and foreign, have cut their profit margins and reduced various operating, finance and managerial costs in order to protect their market share and ensure their survival in the Saudi market (Leonidou, 1996). The Japanese realized competitiveness on price and

quality products in the Saudi market in the early-1980s. They are well ahead in market share in most products (Bahuian, 1997). In conclusion, for the Saudi manufacturing sector to be successful it should realize that price does not depend only on cost, but with many factories in the market there should be careful planning.

#### **4.3.3.3 Distribution Channels**

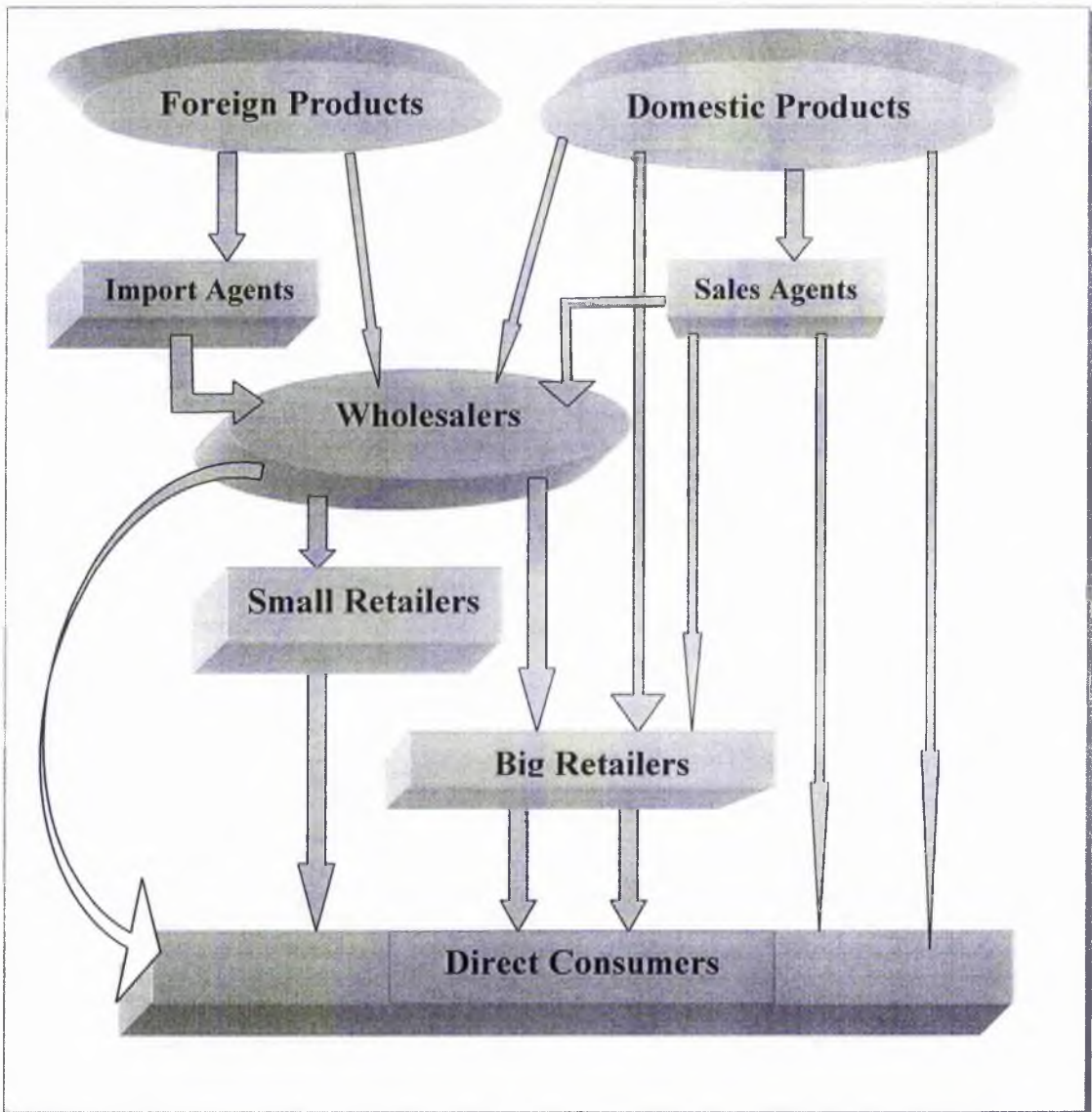
The Saudi distribution system is unique, complex and transient because the Saudi market has high purchasing power with high consumer demand and a fast growing population (Bahuian & Al-Hassan, 1997; Leonidou, 1995). There are a number of different methods available to manufacturing companies to distribute their products to the Saudi end-user. These multi-channels, due to the land area of Saudi Arabia, include many kinds of intermediaries such as direct distribution, wholesaling, retailing and distributors/agents. Wholesaling and distributors/agents play a main role in the distribution system, while smaller retailers dominate numerous small shops (Leonidou, 1995). Figure 4.1 shows different channels of distribution for both domestic and foreign products in the Saudi market.

Foreign products cannot be sold directly to the final consumer without wholesalers or retailers inside Saudi Arabia (Abu Nada'a, 1984). Foreign companies should establish a joint venture with local Saudi interest or appoint Saudi distributors/agents for their products. The choice of agent is a very important decision for any foreign company that wants to export and sell its products in the Saudi market. Domestic products can be sold directly to the final consumer or any intermediary inside the Saudi market. Agents in Saudi Arabia can represent foreign products and be sales agent for particular manufactured goods.

Wholesalers make up the backbone of distribution activity in the Saudi market because they handle up to two-thirds of total trade volume (Leonidou, 1995).

Wholesalers often have many branches in most cities in Saudi Arabia and they can deal with agents or with domestic manufacturing companies directly. The majority of wholesalers can cash purchase products, at the same time they sell the products on credit. Due to the high value of consumption in the Saudi household, wholesalers sometimes sell direct to customers (Leonidou, 1995).

**FIGURE 4.1**  
**Saudi Distribution System**



Source: Abu Naba'a (1984: p62), and adapted by researcher.

There are two kinds of retailers. The first kind is small retailers which are underdeveloped small traditional shops and grocers. These are numerous and sell a narrow range of products for low-income consumers. The other kind is big modern retailers such as supermarkets and department stores that sell a wide variety of goods. Although there are a limited number of large modern retailers compared with small retailers, these modern retailers are multiplying year after year because supermarkets and department stores provide additional facilities. The consumer finds a wide variety of products in one place, with full air-conditioning, adequate parking, restaurants and other facilities. This phenomenon indicates that the idea of the supermarket and self-service is gradually gaining ground in the Saudi market-place (Leonidou, 1995; Rossides, 1994). The researcher believes that to be more successful, supermarkets and department stores in Saudi Arabia should cut their profit margins to the levels of ASDA and TESCO in the United Kingdom.

The physical distribution is very important for the development of an effective marketing system in any country because it represents a large part of the total marketing cost. Physical distribution represents the infrastructure in the country. It is divided into many sectors such as: transportation, telecommunications, and the postal service. The transportation system has experienced a huge leap forward in Saudi Arabia. It has a vast network of modern roads and motorways (more than 43,000 km) throughout the country. However, the railroad system only covers two provinces of Saudi Arabia, connecting Dammam, Al-Hassa and Riyadh. There are four modern seaports with 183 berths that were built to link Saudi Arabia with the rest of the world. Two seaports in Jubail and Yanbu are dedicated to transporting industrial products (Pampanini, 1997). Trucks, railways or local airports mainly dominate the

distribution system inside the country. Saudi Arabia has 25 commercial airports of which 14 are domestic, 8 regional and 3 international.

The telecommunications services and postal service are very important for marketing activities in any country because companies rely on these services for the collection and storage of information to raise productivity, control costs, reach customers and promote new products. The demand for these services is increasing quickly from the private sector. Although the telecommunication services in Saudi Arabia are growing gradually to satisfy increasing demand, the postal service has not matched the growth of other sectors. For instance: the number of working telephone lines rose 32%, to about 3 million by the end of Sixth Plan. The postal service coverage does not exceed 50% of the total number of cities and villages in the country. Demand has grown for the introduction and application of new telecommunications technologies such as: digital networks, digital mobiles, electronic mail and the internet, while the total number of mailboxes is less than half a million with a population of more than 20 million. Moreover, the percentage of the use of the national mail has dropped from 38.3% in the Fifth Plan to 34.6% in the Sixth Plan (Ministry of Post, Telephone and Telegramme, 2000).

#### **4.3.3.4 Promotion and Advertising**

The Saudi customer is similar to any other in the world, and advertising is an important approach to reach and affect the Saudi consumer. However, there are two main factors influencing any promotion programme in Saudi Arabia: Islamic tradition and the system of government. Most Saudi people respect their religion and reject any behavior which opposes their culture and religion. In Saudi Arabia, there are three kinds of media-printed, electronic and outdoor. Printed media consists of newspapers, magazines and books in Arabic and English, while electronic media includes



television, radio and video. Advertising in Saudi Arabia represents the largest share in the promotion mix and most promotional activities are undertaken by distributors/agents, while wholesalers and retailers are virtually non-promotion minded (Leonidou, 1995). When comparing the highest spending in advertising among all media in Saudi Arabia, printed media is the highest in terms of their share of advertising expenditure and television is bottom (Yavas & Abdul, 1993). The advertising fee rate in Saudi television is very high. Table 4.5 shows advertising rates on Saudi television.

**TABLE 4.5**  
**Fees for Commercial Advertising in the Two Saudi Television Stations for Manufacturing Companies (SR)**

Time in Seconds	TV Channels	Morning Period	Evening Period	Special Period*	Excellent Period**
12-18	Channel 1	2500	5000	7500	9000
	Channel 2	1750	3500	4500	6000
25-35	Channel 1	4000	8000	12000	15000
	Channel 2	2500	5000	7500	10000
40-45	Channel 1	5500	11000	16000	20000
	Channel 2	3500	7000	10000	12000
55-65	Channel 1	7500	15000	20000	25000
	Channel 2	4500	9000	12000	15000

\*From 9.00pm – 2.00am. \*\* Live broadcasting

Source: Mashiakh, M H. 1994.

The role of outdoor media is increasing in Saudi Arabia because it is the cheapest medium. It is an important method of targeting many illiterate Saudis. It is very dynamic, particularly the electronic board (Tuncalp, 1994). The Saudi government controls media infrastructure and has specific policies on business activity and advertising. Therefore, advertising messages should be simple, polite and directly express ideas because Saudis do not trust exaggerated advertising techniques (Luqumani et al., 1989). The Saudi government does not allow commercial advertising to be broadcast on radio (Tuncalp, 1994).

Saudi Arabia is the highest spender on advertising among all Arab countries, 38% of all Gulf Corporation Council countries, and increasing annually by 15% (Alasuak, 1995). The advertising industry in Saudi Arabia has gained remarkable and characteristic attention although it is a recent arrival in the Saudi market (Erdem & Tuncalp, 1998). As a result, advertising expenditure has increased year after year and has grown rapidly. In 1991 it reached approximately SR 190 million, in 1994 it jumped to SR 260 million and in 1997 the Saudi advertising budget was SR 640 million. Expectations for 2000 are more than SR 1.5 billion (Alasuak, 1995; BARK, 1999; Erdem & Tuncalp, 1998; Yavas & Abdul, 1993). However, Saudi consumers have negative attitudes towards advertising because they think that advertising increases the price of products, and they reject the exploitation of women in advertising (Al-Abdalli, 1998). Therefore, manufacturing companies in Saudi Arabia should be more careful in using women in their advertising.

Advertising agencies have become a permanent fixture of the Saudi market. These agencies are an authorised and licensed party to work in advertising activities under the supervision of the Ministry of Information (Alasuak, 1995). Marketing advertising media are not effective in Saudi Arabia (Al-Khatib et al., 1989). Although there are about 2500 local advertising agencies in the Saudi market, only about 20 of these are actually working as true advertising agencies. Erdem and Tuncalp (1998) studied 300 local Saudi agencies and concluded that most of the agencies were established after 1975 and the majority were small businesses located in one of Saudi Arabia's cities with small target geographic niches. Most of these agencies were two or three-man operations with a turnover of less than one million SR. The researchers discovered less than a dozen large agencies. These large agencies had headquarters in

major Saudi cities and branches throughout Saudi Arabia. The majority of these large agencies had established themselves as joint ventures with foreign agencies.

#### **4.3.3.5 Market Research**

Like most developing countries, there are several influences on the level of market research in Saudi Arabia. Tuncalp (1988) has mentioned many factors which have a negative influence. These include the majority of Saudi companies being production-oriented with a low level of competition in these companies. The decision-making is usually made by the owners while the marketing professionals are in shortage in many of the companies. In addition, there is a lack of reliable information, for example on population. The postal system is not very efficient and there is no delivery of personal mail to homes. Personal interviewing is a very difficult task because Saudis do not like many questions and very few friends are allowed to enter their homes. Finally, the cultural environment such as, language, religion, social behavior, social norms and laws are barriers in Saudi Arabia (Tuncapl, 1988).

Although Tuncalp's research on the Saudi environment is out of date, many Saudi researchers use his work as a reference. A number of factors have since changed in the Saudi market such as the low level of competition, the lack of reliable information and the population information not being available. At present, the level of competition between Saudi companies is very high (Al-Abdalli, 1998). Population information was published in 1992 (see Chapter Three). In addition, there are a number of secondary sources of reliable information on Saudi Arabia. For example: the Arabian American Oil Company (ARAMCO), the Central Department of Statistics of the Ministry of Finance and National Economy, the Saudi Arabian Monetary Agency (SAMA), the King Abdul-Aziz City of Science and Technology, the Saudi

Chambers of Commerce and Industry and the Saudi Arabian General Investment Authority (SAGIA). Other elements of Tuncalp's work will be examined in this study.

### **4.3.3 Marketing from Perspective of the Islamic Faith**

In general, the Moslems (particularly the Arabs) were famous for trade throughout history, particularly during the golden age of Islam. These traders implemented marketing activities for their businesses with the few tools available during that time. Although they did not know or study this science, they implemented a number of its elements, such as, market research, tender goods, and advertising.

Before the traders travelled from city to city or from tribe to tribe, they had observed the product needs of their communities. The goods needed by Bedouins are different from those demanded by city people, and the requirements of agricultural areas differ from those of desert centres. Traders therefore anticipated what the next city or tribe wanted and tried to bring with him their product needs based on this previous knowledge.

Traders in the Arabian Peninsula, for instance, made seasonal markets to display their goods. They chose appropriate times and places for these markets to increase the number of customers and stimulate competition between products and merchants. Some markets took place around the Makkah area during pilgrimage such as: the Okaz Market and Tholholifay Market. Other markets were in the eastern peninsula in the Al-hassa region. Traders chose this area because it is the biggest agricultural area in the Arabian Peninsula and is the meeting of three cultures: Indian, Persian and Arabian (Ministry of Information 1993). There were five markets in this area: Darian Market, Al-Jer'a Market, Al-Mashker Market, Azara Market and the big one was Hajjer Market (Al-Taher, 1999).

The traders implemented advertising for their commercial goods although they did not have mass media like in our time. Poets were the main instruments for advertising. When a poet praised a product in his poetry, the demand for it increased. Traditional literature narrates that a businessman from Iraq had wanted to display his goods in Al-Medina, a big city in the Arabian Peninsula. He did not ask about their clothing, because he thought that all Arabs had the same tradition. His goods were black veils for women. Unfortunately, the ladies in this city did not wear black clothing except in mourning. His goods were dead stock in this city. As he was planning to go back, he met a friend and told him about this problem. Fortunately, the friend was a poet. When he stayed with him during that night, he wrote some lines of poetry and gave them to a singer. His verses read as follows:

**Ask the pretty lady in the Black Veil,  
What happened to the devoted hermit?  
Who committed himself to worship,  
Until you came to his mosque door  
Give him back his prayers and fasting,  
Do not deprive him (of his worship), by Mohammed's religion**

When the singer started singing, everyone sang along. The majority of the ladies in this city began to ask about black veils and where to get them. Retailers began to look for this product and wanted to sell it. So, the trader succeeded in his business and turned from a small retailer to a big wholesaler of black veils (Qomieha, 1986).

Moreover, there are a number of characteristics of marketing from the Islamic perspective. These are summarized as follows:

1. The Islamic System compels merchants to practise trade only after they know its legal sides, such as rules, etiquette, commands, prohibitions known as transaction Laws (Fiqh Muama'lat) (Yosuf, 1988). Because when businessmen know their

rights and their duties by Islamic law, they will not cheat anybody, not harm others, or even spoil their own property. Therefore, Omar Ibn Al-Khattab –the second Caliph of the Muslims -May Allah bless him- used to inspect the shops and markets of Madeenah during his caliphate and ask the merchants about some legal issue concerning buying, selling, debts, barter, ...etc. If they answered him correctly, he would allow them to continue their business. If any one failed to answer, he would order him to close shop and go to the Prophet’s Mosque to learn Islamic Laws (Fiqh) especially those dealing in his trade and given by the companions of the Prophet (PBUH). And he used to say “No person stays in our market except the (Figeeh) who has knowledge in this action” (Al-Muslih, 1997; Yosuf, 1988).

2. A Moslem marketer is commanded to adhere to these things. First, trustfulness and mutual advice in all trade activities so that satisfaction may prevail and blessings increase. (Alnajar, 1980; Affar, 1980, Al-Muslih, 1997). The Prophet Mohammed (PBUH) said, “If the traders are trustable and mutually advise each other, their trade is blessed; but if they lie and hide the defects of trade, blessings are gone away from their trade”. Second, honest dealings with customers, tolerance and flexibility (lenity) in trade activities (Alnajar, 1980). The Prophet Mohammed (PBUH) said, “Allah loveth his servant to be tolerant when he sells, buys or hires something or someone to work for him”.
3. The idea of advertising in order to attract business is one of the modern ideas that cannot be regarded as being exempt from the general Islamic principles governing transactions (Al-Muslih, 1997). However there are general principles for this action. First, the vendor should avoid any kind of cheating and deception in his advertising. For example, to advertise the products of an establishment with

specifications (qualities) which are not there; or to disfigure a competitor's commodity with some defects that are not true; or to make discounts (reductions) in prices which are not real (Alnajjar, 1980; Al-Muslih, 1997). Second, a vendor's advertising should not include any condemnation or belittling of any other person's products or services. Third, the advertising should contain nothing that violates the sanctity of the pure religion, such as advertising forbidden things or be accompanied by things that are not allowed, such as showing women in the nude.

#### **4.4 Conclusion**

This chapter aims only to provide an overview of the activity of the Saudi manufacturing sector and to report about past work in marketing activities in the Saudi environment. These were thought to be important for a full understanding of the subject under investigation. Therefore, the present chapter was divided into two main sections. The first section highlighted the manufacturing sector in Saudi Arabia in the past, present and future. Many processes, policies and Royal decrees have been issued to encourage domestic and foreign companies to invest in the Saudi manufacturing sector, these were explained in this section. It could be concluded from this section that manufacturing policy is the strategic option for Saudi Arabia because a Saudi government objective is to diversify the Saudi economic production base through investment in natural resources and the development of the non-oil sectors depending on domestic raw material availability in Saudi Arabia's regions.

The second section of this chapter outlined a profile of the marketing environment in Saudi Arabia. Marketing in the early days of Saudi Arabia has been presented. In addition, this section presented a brief background on the use of marketing activities in Saudi Arabia such as marketing mix and market research. This

section was completed with a review of the relationship between marketing and Islam. It could be concluded from this section that marketing activities in the Saudi environment, particularly in the Saudi manufacturing sector, are not satisfactory because the government still has power and control over marketing activities and practices in the Saudi market. Therefore, manufacturing companies are to have a perspective of these policies, rules and regulations when they plan their marketing activities.



## CHAPTER FIVE

### Research Design & Methodology

#### 5.1. Introduction

It is now widely accepted that marketing know-how is becoming increasingly important for success in the manufacturing sector and improving economic development in any country (Drucker, 1992; Miller & Levin, 1993). The literature reviewed in chapter two shows that the transfer and application of marketing know-how to developing countries is still in debate between the researchers. In spite of the large number of studies reported in the literature, our understanding of this issue is still limited and many studies suggest and recommend that more research is needed in this field (Akaah et al., 1988; Chhabra, 1996; Mohamed, Akaah, & Riordan, 1992).

The main purpose of this chapter is to outline a summary of the design and methodology formulated to achieve the study's overall objectives. The reason for this is to increase our understanding of the relationship between this vast modern marketing technology and the marketing department issues in the Saudi private sector.

This chapter consists of nine sections. Following this introduction, the second section discusses the research questions and hypotheses that were developed on the basis of the literature review. Selection and design of the research instrument are described in detail in the third section. The fourth section discusses the design of survey methods used in this study. The introduction and explanation of the sample selection are in the fifth section. Section six presents the procedures of questionnaire design. The seventh section introduces the validity and reliability. The data preparation process is in section eight. Finally, section nine presents the summary of the chapter.

## **5.2. The Research Questions and Hypotheses**

As discussed in chapter one, this study focuses on the applicability of marketing know-how in the Saudi manufacturing sector from its two sides: concepts and activities. Having presented the literature review in the second chapter and a detailed description of the Saudi environment in the third and fourth chapter, the researcher reached the stage of setting out the main questions and hypotheses of this thesis. These questions and hypotheses were developed in the light of the findings from the literature review (e.g. Akaah et al., 1988; Bartels, 1983; Carter, 1986; Cranch 1974; Dadzie & Lee, 1991; Deng, 1994; Dholakia, 1984; Emlen, 1958; Hosley & Wee, 1988; Howard, 1988; Malholtra, 1986; Mitchell & Agenmomen, 1984; Miller & Levin, 1993; Mohamad, et al., 1992; Roxas & Huszagh, 1996; Song, et al., 1997; Yavas, et al., 1991). The questions and hypotheses are as follows.

### **5.2.1 The Research Questions**

1. Do a majority of the manufacturing companies in the Saudi manufacturing sector apply marketing activities on a regular basis?
2. Do the marketing managers in most manufacturing companies in the Saudi manufacturing sector perceive that marketing concepts are useful for them?
3. Are there significant differences in sales, profits, or market share for the manufacturing companies in the Saudi private sector when they apply marketing know-how?
4. Will the Saudi environmental factors be barriers against the employment of marketing know-how in the Saudi manufacturing sector, as marketing managers perceive?

### **5.2.2 The Research Hypotheses**

3. There is no significant difference between the respondents' characteristics for the application of marketing activities in the Saudi manufacturing sector.
4. There is no significant difference between the respondents' characteristics for the perception of the benefit of marketing concepts in the Saudi manufacturing sector.
5. There is no significant difference between the characteristics of companies for the application of marketing activities in the Saudi manufacturing sector.
6. There is no significant difference between the characteristics of companies for the perception of the benefit of marketing concepts in the Saudi manufacturing sector.
7. Applying marketing know-how in manufacturing companies will not help to increase total sales.
8. Applying marketing know-how in manufacturing companies will not help to increase total profits.
9. Applying marketing know-how in manufacturing companies will not help to increase market share.
10. There is no significant difference between perceptions of the Saudi/non-Saudi marketing managers for impact of the Saudi environmental factors (internal and external) on the application of marketing know-how in the Saudi manufacturing sector.

The next section will be to present the design of this research and will discuss the methodology which was implemented in order to achieve the of the study.

### **5.3 Research Design**

There is no general agreement among writers on what is meant by research design. Hence researchers have presented several definitions for research design.

However, the majority of these researchers agree that the selection of research design depends mainly on such factors as: research objective(s), the sources and types of information used to answer the research questions, and constraints considered by the researcher (Ghauri, Gronhaug, & Kristianslund., 1995).

As a result, to accommodating the research objectives is discussed in chapter one; the background of the study in chapter two; and the literature related to the KSA in chapters three and four. The research design for this thesis focuses on the KSA environment.

According to Cooper & Emory (1995), in order to classify the design of any research, some researchers have suggested that any given study could be viewed from at least seven different perspectives. These perspectives are as follows:

1. The degree to which the research problem has been crystallised (the study may be either exploratory or formal).
2. The method of data collection (studies may be observational or survey).
3. The power of the researcher to affect the variables under study (the two major types of research along this dimension are the experimental and the *ex post facto*).
4. The nature of the relationship among the variables (research study may be descriptive or causal).
5. The time dimension (research may be cross-sectional or longitudinal).
6. The research environment (most business research is conducted in a field setting, although laboratory research is not usually applied; simulation is another category).
7. The topical scope "breadth and depth" of the study (it may be a case or statistical study).

### **5.3.1. Degree of Problem Crystallisation**

As mentioned above, the study may be either an exploratory study or a formal study. There are some differences between the two types. The exploratory study is less structured and much less focused on predetermined objectives, while the formalised study has much more structure. The exploratory study is undertaken when little has been known about the situation or where the researcher has no information on similar problems in the same environment. The exploratory study is used to gain familiarity with the phenomenon in the situation and to understand what is happening before developing a model and setting up a design for complete investigation. Therefore, it is important to acquire a good grasp of the phenomenon of interest and thereby enhance knowledge through good theory building (Sekaran, 1992). The purpose of the exploration is usually to develop a hypothesis or questions for further research, while the main goal of a formal research design is to test the hypothesis or answer the research question. The formal study begins where the exploration leaves off.

According to this description, this study can be considered to have both stages. The first stage is exploration while the second stage is a formal study. This study is exploratory because, in the beginning, the researcher does not know much about the situation which exists there. Moreover, no similar studies have been conducted in the Saudi manufacturing sector to the best knowledge of the researcher. Therefore, when the researcher completed the extensive preliminary work, he became familiar with the phenomena in the situation. Because the first purpose of the exploration study is to raise questions for further investigation and develop hypotheses for testing, the research question has been defined and several hypotheses have been achieved and presented in the last section. At this stage, the research is developed into a formal study.

### **5.3.2. Method of Data Collection**

This classification distinguishes between monitoring and the interrogation processes. It means that studies may be observational or a survey. When using the observational method, the researcher inspects the activities of the subject or the nature of some material without attempting to elicit responses from anyone (Ghauri et al., 1995). On the other hand, in survey studies the researcher questions the subjects and collects their responses by personal or impersonal means. Those means include: personal interviews, telephone interviews, self-administrated questionnaires, personally delivered questionnaires, mailed questionnaires, or a combination of these.

Given the previous distinction, this study is considered a survey study because it used a combination of personal and impersonal techniques to collect the data. Impersonal mail survey has been used as the main source of information, while personal interviews were conducted with those who agreed to provide detailed answers on the study questions and were identified through the questionnaire.

### **5.3.3. Research Control of Variables**

In any study, the researcher's ability can be manipulating variables either experimentally or *ex post facto*. However, the researchers differentiate between experimental and *ex post facto*. The researchers choose experimental design when they try to control and/or manipulate certain variables in the study so as to study the effects of such control or manipulation. On the other hand, in the *ex post facto* design, the researchers have no control over the variables in the sense of being able to manipulate them because they cannot be controlled or manipulated (Davis & Cosenza, 1993). The *ex post facto* design is most appropriate in social science and business research. As a result, this study is an *ex post facto* study, because the research is

reporting what is happening without attempting to manipulate the variables and the researcher cannot control the variables.

### **5.3.4 The Nature of the Relationship among the Variables**

This classification distinguishes between descriptive and causal. There are some differences between descriptive and causal studies. Most *ex post facto* designs are used for descriptive studies, while experimental design is most appropriate for causal studies. The main objective of descriptive studies is to learn the who, what, when, where, and how of a topic (Cooper & Emory, 1995). However, causal studies seek to determine what effect one variable has on another or why certain conditions are obtained; so the causal study aims to find out “why”.

According to this description, this research is considered a descriptive study because the *ex post facto* method was chosen for it. Moreover, the purpose of this study is to learn the “who, what, when, where, and how” of the topic and explore and describe the characteristics of the variables in a situation.

### **5.3.5 The Time Dimension**

Some research studies are carried out once, while other studies are repeated over a period of time. This means that classifying research may be cross-sectional or longitudinal. In cross-sectional studies data are collected just once, maybe over days, weeks, or months, to answer research questions (Sekaran, 1992). However, in longitudinal studies the researcher may study the same people over a period of time in order to answer a research question. Because the change over time aspect of this study is not applicable and it will be carried out at one point in time, this study is considered to be of the cross-sectional type. The data are gathered from a number of different respondents at a single point in time.

### **5.3.6 The Research Environment**

Studies can be classified either as field studies or laboratory studies. As a rule, field studies happen under actual environment conditions while laboratory studies are usually conducted under simulated or artificial conditions (Sekaran, 1992). Because the field study is more common in business research, this study has been conducted under actual environmental conditions. Therefore, this study is considered a field study.

### **5.3.7 The Topical Scope**

As mentioned above, studies can be either statistical studies or case studies. Statistical studies (quantitative approach) differ from case studies (qualitative approach) in several ways. Statistical studies are designed for breadth rather than depth, while case studies have depth rather than breadth (Chisnall, 1991). A case study places more emphasis on the full analysis of fewer events or conditions and their interrelationships. However, the statistical study is more concerned with the conditions at one point.

Both quantitative and qualitative approaches have their advantages and disadvantages. According to Chisnall, (1991); Davis & Cosenza, (1993); Ghauri et al. (1995). Some of the advantages when qualitative approaches are used include:

1. The qualitative approach allows the researcher to gain first-hand knowledge about the empirical social world in question.
2. More detailed information can be gained which may not be obtained by the questionnaire.
3. Assisting in developing the hypotheses in the study.
4. A deeper insight into management thoughts, their feelings and intentions.



5. Helping in the construction of the questionnaire by specific words, idioms, and statements.
6. Helping in the interpretation of the qualitative result and informed/ support assumptions.

However, the use of the qualitative approach (case study) also has some disadvantages, such as, (1) the qualitative approach may not be able to cover as many variables as the quantitative approach. (2) A qualitative approach can give more information but most of it is not to the point or not definite. (3) The cost and time effect on the qualitative approach is negative. (4) If the researcher does not have a good relationship with these companies, he will not collect reliable data for his research (Ghauri et al., 1995).

On the other hand, the use of the quantitative approach in research also has many advantages. (1) The quantitative approach allows the researcher to cover and test many variables, which a case study may not be able to do. (2) The information in this approach is more to the point and identifies which issues will be clear for analysis. (3) The researcher can gain more reliable information even if he has no inter-relations in these companies. (4) The majority of researchers have no time and not enough money to collect the data by observation in the companies. However, there are some disadvantages to this method. The researcher cannot define the reasons for many phenomena in the companies without employing an observational approach. Some information and the observed behaviour, attitude and situation cannot be more accurately interpreted and understood through a quantitative approach as it can be by questionnaires and interviews (Ghauri et al., 1995).

Given the previous distinction, this study is considered a statistical study because of the many variables it covers and attempts to examine the several

hypotheses that have been developed and statistically tested, and the quantitative data that were analysed. For the reasons mentioned above, the quantitative approach was used as the main source of accomplishing the objectives of the study.

In summary, the seven different perspectives to classify the research design can be presented in Table 5.1.

**TABLE 5.1**  
**Classification of the Research Design of the Study**

<b>Perspective</b>	<b>Alternatives</b>	<b>This study</b>
The degree of problem crystallisation	Exploratory or formalised	Exploratory in the first stage and formalised
The method of data collection (studies)	Observational or survey	survey
Power of the researcher to affect the variables	the experimental or the <i>ex post facto</i>	<i>ex post facto</i>
Nature of the relationship among the variables	Descriptive or causal	descriptive
The time dimension	Cross-sectional or longitudinal	cross-sectional
The research environment	field setting, laboratory, and simulation	field setting
The topical scope (breadth and depth)	Case (qualitative) or statistical (quantitative).	Mainly statistical

#### **5.4. The Survey Methods Design**

Usually, there are several data collection methods that any researcher can choose which could be utilised by researchers to gather the necessary data (e.g. participation, observation, interviews, content analysis of the questionnaires). However, the most commonly used instrument for data collections in survey studies are questionnaires and interviews (Ghuri et al., 1995). Even in these approaches there are several alternative methods of collecting the data required. There are four main traditional methods of gathering data, including mailed questionnaires, self-administrated questionnaires, personal interviews, telephone interviews, or a combination of these. The data collection part of the research process is considered an

important stage because it provides an empirical basis from which the researcher can begin to answer the research questions. Therefore, choosing one or more of these methods depends on some factors. For instance, the objective of the study, the type of analysis needed to be done, the limitation of time for the research, the geographical area for the population of the research, and the methodological assumption of a model which the researcher feels most comfortable with.

Before proceeding to the justifications for this selection, it is worthwhile to shed light on identifying the information needed for determination, and explore some advantages and disadvantages of these particular research methods. Therefore, this section involves three sub-sections. The first sub-section will be the determination of information needed. The investigation and comparison of the advantages and disadvantages for each method in survey studies will comprise the second sub-section. The third sub-section will choose the main methods that are optimally suited to the researcher's needs and justification for this selection.

#### **5.4.1. The Determination of Information Needed**

Data sources are the carrier information coming from secondary and primary data sources. Secondary data are information and collections by others while primary data are original and collected for the research problem at hand (Ghauri, et al., 1995). These two types of data sources are necessary for any research; therefore, the researcher must be sure to understand the full dimensions of the research subject and the important variables that are likely to influence the problem situation. So they must not be left out of the study. In some studies, the researchers underestimate the amount of data available from secondary sources and they do not accomplish this task, because they focus on the data for answering questions. The researcher should aware of this and must collect the data that are relevant to his study and research problem

himself, when secondary data are not available to help answer his research questions (Ghauri, et al., 1995). On the other hand, some researchers, when determining their research questions, conduct a comprehensive literature survey in order to provide the foundation for developing a comprehensive theoretical framework from which a hypothesis can be developed for testing (Sekaran, 1992).

Given the objective of this study, this research was unique in several aspects. This study started with a comprehensive literature review about marketing in developing countries and the attitude towards transferring marketing know-how to these countries. The researcher determined the relevant information needed for the study. Both secondary and primary data were gathered through the study. Chapters two, three, and four were used as a resource of secondary data. These chapters are collected from periodicals, textbooks, studies and reports of marketing and other research institutions, Saudi government publications, the Internet, and theses and reports written by other students as a resource of secondary data. Different methods were used to collect the primary data needed for this study such as: questionnaire and interview that will be discussed in the next sub-section.

#### **5.4.2. Comparison between the Communication Modes**

As mentioned earlier, data can be collected in survey studies by several methods. These methods include mail questionnaires, self-administrated questionnaires, personal delivery questionnaires, personal interview, telephone interview, or a combination of these methods. Each of these methods has many advantages and some disadvantages in survey studies. Because the most commonly used instruments for data collection are questionnaires and interviews, the mail questionnaire and the personal interview will be discussed in the following two sub-sections, and the others in the third sub-section.

### 5.4.2.1 Mail Questionnaire

Generally speaking, any researcher can collect data for his research personally or in an impersonal way. The mail questionnaire is an impersonal survey method. This impersonal mode (questionnaire) can be defined as a formulated written set of questions to which respondents record their answers, usually as an alternative to personally administered questionnaires (Sekaran, 1992). A mail questionnaire as a research method has many advantages and disadvantages. The advantages of using mail questionnaires are as follows:

1. The cost of mail questionnaires is low compared to other methods.
2. It enables the collection of great amount of data because a wide geographical area can be used for researching a large number of respondents that are widely dispersed geographically.
3. It avoids researcher interview bias because respondents are not influenced by the interviewer's characteristics or techniques.
4. It provides the respondents with the feeling of a high degree of anonymity. This is very important when sensitive issues are involved.
5. Respondents can take more time to think about their answers, to collect facts, to consult other sources, or consider replies at length than with other communication modes.
6. It avoids the difficulty of making arrangements for setting appointments with intended participants, as is the case in conducting interviews.
7. Closed questions within the questionnaires are expected to be answered by all of the participants in the study.
8. The data of questionnaires are easier to analyse compared with other methods.

However, mail questionnaires also have many weaknesses. The major disadvantages of using mail questionnaires are:

1. The researcher cannot control who fills out the questionnaires.
2. Response rates are low because many respondents refuse to co-operate with a long and/or complex mail questionnaire.
3. It does not provide answers for “why” questions, or additional information.
4. Questionnaires require a long time to be simply constructed, easily understood, and to show a relative hypothesis.
5. A researcher might be faced with difficulties with concepts or phrases for some questions if the questionnaires need to be translated into another language.

In light of the above, and taking into consideration the objectives of the study, the researcher decided to use the mail questionnaire in order to gather the primary data related to the impact perspective. In spite of the mail questionnaire’s having considerable advantage over other survey methods, the researcher has some justifications for using a questionnaire as the main research method. The justifications for using a questionnaire as the main research method for the study will be discussed in the section “Data gathering process decision”.

#### **5.4.2.2 Personal Interview**

The second method usually used in survey studies instruments for data collection is personal interviews. This is a face-to-face interpersonal role situation in which an interviewer asks respondents questions designed to get answers applicable to the research hypotheses (Frankfort & Nachmias, 1996). In spite of the personal interview being the most effective one, it is the most complicated method. Because the researcher is supposed to be sincere and pleasant; he needs to establish a good rapport with the respondents to leave respondents relatively free to answer according to their

own thinking (Ghauri et al., 1995). Moreover, the researcher must avoid personal questions, contingent questions, unwarranted assumptions, and must write the answers down immediately and not trust memory and later recall. Sekaran added that for the questions, "broad questions must be asked first, then narrow the questions to specific areas, ask questions in an unbiased way, and clarify and help respondents to think through difficult issues" (Sekaran, 1992). Otherwise, this kind of question normally directs respondents to a particular answer desired by the researcher.

Personal interviews as a research method in business studies have many advantages and disadvantages. The advantages of using this kind of methods are:

1. It provides the largest return of information because the rate of response is very high.
2. The higher levels of flexibility that it provides the researcher to rearrange the order of questions and clarify unclear questions.
3. It provides a good opportunity to establish rapport with the interviewees.
4. It helps the researcher explore and understand complex issues.
5. It allows control of the interview situation which guarantee the collection of additional information.

However, the disadvantages to using interviews are:

1. Interviewer's bias. The interviewer's personal influence and bias could affect the interview.
2. Lack of anonymity. The mail questionnaire is more than the interview, so the interview lacks anonymity. Thus, respondents may feel threatened or intimidated by the researcher, especially if a respondent is defensive about the topic or some of the questions.

3. It costs considerably more than a questionnaire type study. It is the most expensive method.
4. It is often found to be inappropriate due to the geographically dispersed locations of the interviewees.
5. Although it provides the largest return, it is often difficult to score because the majority of the data is descriptive.

According to this description of the advantages and disadvantages of this method, we can say that in spite of the many weaknesses of the personal interview compared with the questionnaire, the researcher decided to use the personal interview to collect the data supporting the questionnaire data. The reasons for using personal interviews as an assistant questionnaire research method for the study, will be discussed in the section: "Data Gathering Process Decision".

#### **5.4.2.3 Other methods**

Although the majority of researchers use mail questionnaires and personal interviews to collect data, they are not the only methods in a survey study. Telephone interviews, self-administrated questionnaires and personal delivery questionnaires are also available as alternative methods in a survey study. Of course, as the main methods, all of these have some advantages and also some weaknesses, and, therefore, researchers tend to use one or a combination of these methods.

Generally, research students believe that the telephone interview procedure is very easy for researchers to collect data from many companies in many places both in the country in which they are researching or overseas, without leaving their offices. However, this method is uncommon in survey study instruments because, it is, in fact, difficult for the researchers to collect the data. The majority of managers in companies have no time to discuss subjects not directly relevant to their business, so they will try



to end the call as quickly as they can, and the data may be inadequate or the information unreliable. However, although the telephone interview procedure is more expensive than mail questionnaires, it is usually less expensive than interviewing locally, especially if the calls can be made when lower call charge rates apply.

On the other hand, there are several advantages and disadvantages in using self-administered questionnaires. The advantages for researchers are; 1) This approach increases the level of response rate. 2) If any question in the questionnaires is not clear or needs more explanation, the researcher can do it. 3) The researcher can encourage the respondents to present an answer and he also has a chance to introduce his topic (e.g. Sekaran, 1992). The disadvantages include 1) This approach (self-administrated interviews) could lead to the researcher influencing and biasing on the respondent. 2) Some companies refuse to allow this approach because their employers do not usually allow the filling out of questionnaires during the respondents' work time. 3) If the sample is very large or distributed in different areas, the researcher will face difficulties in choosing this approach because it is difficult to arrange appointments.

There is another approach used by a few researchers. This is known as personal delivery questionnaires. This method tries to reduce the disadvantages of mail questionnaires, increase the number of respondents and reduce the waiting time for receiving the questionnaire. However, the researcher believes that this method has many more disadvantages than all previous methods because the researcher used it during the pilot study time and experienced many problems which will be discussed later in this chapter.

As described above, there are several possible methods of communication medium in survey studies such as: personal interview, mail questionnaires, telephone interview, self-administrated questionnaires and personal delivery questionnaires. All

of these have advantages and disadvantages and the choice of one or more of these methods depends on the researcher, the nature of the problem and the objective of the study, and different circumstances such as time and place. Which one of these methods will be used in this research will be discussed in the next section.

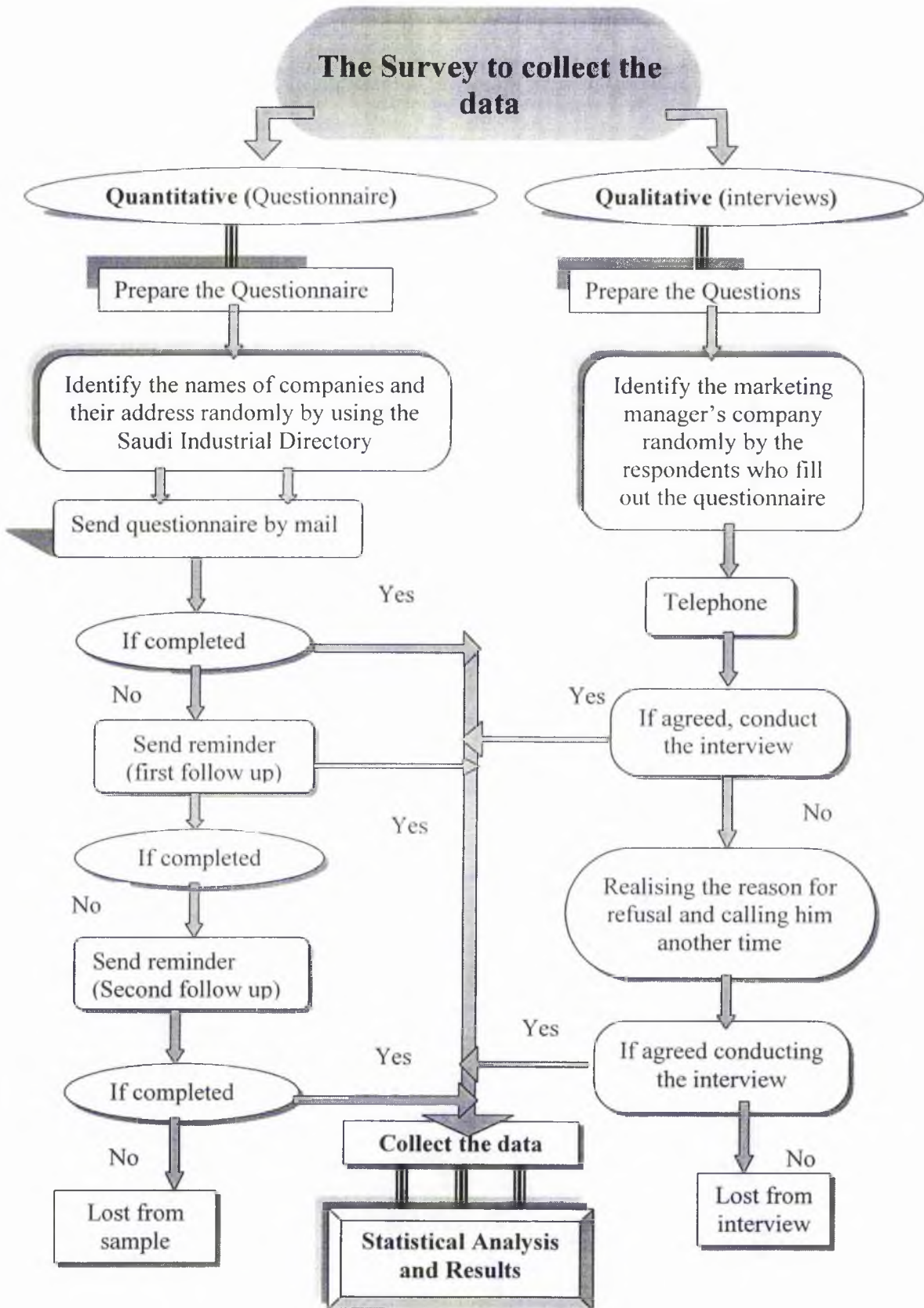
### **5.4.3. Data Gathering of Process Decision**

At this stage the researcher had to decide how to gather the data. For the purpose of this study, it was decided to use mailed questionnaires as the primary source data and supported by personal interview for the qualitative part. Both of these methods are instruments for collecting primary data. Figure 5.1 presents a summary of the mechanism of the data collection. Moreover, the telephone interviews method has also been used to gather some data to test the non-response bias. The discussion of the non-response bias is discussed in the next chapter.

#### **5.4.3.1. The Main Research Method Used in the Study**

In light of the above, the justification for using mail questionnaires as the main research method for the study includes the following. First, the questionnaire has considerable advantages over other survey methods. Second, the nature of the study is exploratory, as we considered in research design, and the questionnaires enabled the collection of a large amount of data, since there was a dearth of literature covering marketing know-how in industrial companies in Saudi Arabia. Third, using the mail questionnaire reduces interviewer bias. Fourth, the personal interview mode of conducting potential respondents, as a main research method in Saudi Arabia, will probably be the least successful (Tuncalp, 1988).

**FIGURE 5.1**  
**The Mechanism of the Data Collection**



Fifth, as discussed in Chapter Three, Saudi Arabia is a large country, so to ensure a wide distribution amongst different cities which are several hundred kilometres apart, using mail questionnaires obviously provided the most convenient method. Sixth, the majority of marketing managers in developing countries might be inaccessible or difficult to reach without the mail questionnaire method because their managers might refuse an interview. Seventh, due to the time and the cost, researcher chose the mail questionnaire. Three months are not long enough to interview 600 managers in the Saudi manufacturing sector. Moreover, the expense of distributing questionnaires to a large number of managers is considerably less than that of personal interviewing. Ninth, based on many variables, the questionnaire might provide additional insights into the phenomena being explored in this study. Finally, the mail questionnaire is used widely in the literature and in other similar studies related to the application and transfer of marketing know-how (see for example, Akaah et al., 1988; Dadzie & Lee, 1991; Mohamed et al., 1992; Shama, 1995).

#### **5.4.3.2. The Supplementary Research Method**

In spite of the reasons which encouraged the researcher to choose the mail questionnaire as the main method for this study, the researcher can establish a rapport with the respondents to get information relatively free from bias, and can test the reliability. In addition to mail questionnaires, the researcher decided to use the personal interview technique to meet some of the marketing managers to discuss and collect information in detail on issues related to the situation of the marketing department and its impact on the company. Thirty companies were contacted for an in-depth interview, but only seven agreed to participate. Table 5.2 shows the major characteristics of the seven interviewed companies. Issues were discussed relating to how marketing activities were applied in actual situations and the impact of the

marketing position on the operations of these companies. Each interview took about one hour. Each interview technique provides more valid and reliable data than other survey methods (validity and reliability will be discussed later in this chapter).

**TABLE 5.2.**  
**Characteristics of Marketing Managers Interviewed\***

No	Function	Age	Nationality	Highest Qualification	Experience	Number of years in marketing training
1	Marketing Manager	26-35 years	Non-Saudi	Bachelors degree	Business administration	2
2	Assistant marketing	36-45 years	Saudi	Bachelors degree	Management	2
3	Marketing Manager	36-45 years	Non-Saudi	Masters degree	Marketing	9
4	Marketing Manager	26-35 years	Saudi	Bachelors degree	Marketing	Never
5	General manager	Over 55 years	Saudi	Lower than Bachelors degree	Commercial	Never
6	Sales Manager	36-45 years	Non-Saudi	Bachelors degree	Salesman	3
7	Top mgt.	26-35 years	Non-Saudi	Bachelors degree	Production	4

- More detail about these interviews will be in the next chapter.

The justifications for using the interview method in addition to the main research method for the study included the following: Firstly, the personal interview has been used in this study because it overcomes the problem of validity and reliability. Secondly, this method was chosen because it is appropriate in that it provides opportunities to examine the interaction between marketing activities and other activities in the companies in greater detail than is possible in a questionnaire. Thirdly, conducting personal interviews in Saudi Arabia is particularly difficult if you are interviewing a top manager or departmental manager, because most of them are busy and it is very difficult to arrange meetings with them for an hour without delays or interruptions. Therefore, the researcher did not choose the interview approach as the main research method because this could limit the data that could be collected by

this method. As was discussed in Chapter Three, Saudi Arabia is a large country and the companies are scattered all over Saudi Arabia. Due to the short time (three months) in which the researcher was in Saudi Arabia during the empirical research, it was difficult to travel to many provinces and it was costly, both in time and money to approach these companies for interviews.

## **5.5 Sampling Design**

The selection of the units for the research is a key issue and an important phase in the selection of the data in surveys. This selection process is called sampling design and must include a sufficient number of elements from the population to understand the properties and characteristics of the sample subjects. Researchers usually prefer to use a sample rather than collecting data from the entire population for many reasons. Firstly, researchers' use of sample techniques leads to more reliable results and less error, particularly when there are a great number of elements involved. Secondly, it would be impractical and extremely fatiguing to collect data from all the potential units of analysis covered by the research problem (Malhotra, 1996). Moreover, the results also will be quicker by using sampling design rather than studying the entire population (Sekaran, 1992). Thirdly, researchers consider the cost of any research, especially when the population is very large because it is very expensive to collect data from all the potential units (Malhotra, 1996). Therefore, saving time, effort, and money is the advantage of using a sample of the population (Moser & Kalton, 1986).

According to Malhotra (1996), the sampling design process includes five steps. These steps are closely interrelated and relevant to all aspects of all marketing research projects. These steps are defining the population, determining sampling firm,

selecting sampling techniques, determining the sampling size, then executing the sampling process. These issues will be discussed in this section.

### **5.5.1 Defining the Relevant Population**

Before selecting the appropriate type of sample, the population of the study must be accurately defined. In this research, the population of the study includes all the manufacturing private sector companies active in Saudi Arabia. The selection of a relevant population for any research is highly dependent on the research objectives (Cooper & Emory, 1995). Defining the target population involves translating the problem definition into a precise statement of who should be included in the sample (Malhotra, 1996). The purpose of this research is to learn more about marketing know-how in manufacturing companies in the Saudi private sector and to what extent this knowledge is applicable in these companies. In addition, this research investigates the relationship between applying marketing know-how in manufacturing companies and their sales, profits, or market share. Moreover, of the Saudi environmental factors, it is not known which ones will be a barrier against the employment of marketing know-how in Saudi manufacturing companies. Based on these objectives, all marketing managers in all manufacturing companies in the Saudi private sector are considered to belong to the relevant population for this research.

### **5.5.2. Determining the Sampling Frame**

A sample frame consists of a list or set of elements from which the sample is actually drawn. It should include all the sampling elements in the target population. Instances of a sample frame may be based on the telephone book, city directories, an association directory listing the firms in an industry, membership lists of private and public organisations, or a mailing list purchased from a commercial organisation

(Malhotra, 1996). The researchers must ensure that there is a high degree of consistence between a sampling frame and all the elements in the population, because the accuracy of a sample depends mostly on this sample frame. In this study, the Directory of Saudi Industries was used as the sampling frame. The Ministry of Industry and Electricity published this directory in 1998 in co-operation with the Riyadh Chamber of Commerce and Industry. At the time this study was conducted, this directory was one of the few sources, and the most reliable to the researcher, from which information about Saudi manufacturing companies could be obtained. The 1998 directory of Saudi Industries provides useful background data on these firms, such as the firm name, owner, address, type of products, number of employees, total finance, and a brief history.

### **5.5.3 Selecting Sample Techniques**

The technique employed in the sampling selection is also dependent on the research objectives and their requirements. The primary factor for the accuracy of any sample technique is that it must be as representative as possible of the population from which it is drawn. There are different sampling techniques that may be classified by their representation basis and the element selection techniques. There are two main types of sampling design: probability and non-probability sampling. The techniques, description, strengths, and weaknesses of these two designs are presented in Table 5.3.

Although all the above methods have strengths and weaknesses, the selection of one of these methods is influenced by many factors such as, nature of research, statistical consideration, the availability of the sampling frame, availability of the resource and the spread of population (Malhotra, 1996). However, it is sometimes possible to use both probability and non-probability sampling techniques.



**TABLE 5.3**  
**Strengths and Weaknesses of Basic Sampling Techniques**  
**(Non-probability Sampling)**

<b>Techniques</b>	<b>Description</b>	<b>Strengths</b>	<b>Weaknesses</b>
<b>1- Non-Probability Sampling</b>			
<b>Convenience sampling</b>	The most easily accessible members are chosen as subject	Quick, most convenient, less expensive	Selection bias, sample not representative, not recommended for descriptive or causal research
<b>Judgement sampling</b>	Subject selected on the basis of their expertise in the subject investigated	Low cost, convenient sometimes the only meaningful way to investigate	Does not allow generalization, subjective
<b>Quota sampling</b>	Subjects are conveniently chosen from targeted groups according to some predetermined number or quota	Very useful where minority groups' participation in a study is critical	Selection bias, not easily generalizable, no assurance of representativeness
<b>Snowball sampling</b>	An initial group of respondents is selected, randomly, and based on referrals	Can estimate rare characteristics	Time-consuming
<b>2- Probability Sampling</b>			
<b>Simple random sampling(SRS)</b>	All elements in the population are considered and each element has an equal chance of being chosen as the subject	Easily understood, results projectable, high generalizability of findings	Difficult to construct sampling frame, expensive, lower precision, not as efficient as stratified sampling
<b>Systematic sampling</b>	Every $n$ th element in the population is chosen starting from a random point in the population frame	Easier to implement than SRS, sample frame not necessary, can increase representativeness	Systematic biases are possible, can decrease representativeness
<b>Stratified sampling</b>	Population is first divided into meaningful segment; thereafter subjects are drawn proportionately or disproportionately	Most efficient among the probability designs, includes all important subpopulations, precision	Difficult to select relevant stratification variables, not feasible to stratify on many variables, expensive essentials

**TABLE 5.3**  
**(CONTINUED)**

<b>Techniques</b>	<b>Description</b>	<b>Strengths</b>	<b>Weaknesses</b>
<b>Cluster sampling</b>	Groups that have heterogeneous members are first identified, then some are chosen at random; all the members in each of the randomly chosen groups are studied	Easy to implement, cost effective	Imprecise, difficult to compute and interpret results
<b>Area sampling</b>	Cluster sampling within a particular area or locality	Cost-effective, useful for decision	Original biases, if any will be carried over
<b>Double sampling</b>	The same sample or a subset of the sample is studied twice	Offers more detailed information on the topic of the study	

Source: (Sekaran, 1992, pp.237-238) & (Malhotra, 1996, p.376).

For instance, it is possible for the first stage of research to use a non-probability design, and when more information is obtained to resort to a probability design, just as the converse is also possible (Sekaran, 1992). Both probability and non-probability sampling techniques have been adopted for this research. Judgement sampling and stratified samplings are the sampling strategies that were used to select this study sample. This decision was made because the 3088 Saudi manufacturing companies, as population elements, were designated to be the frame from which the sample was drawn, but these companies had a known non-zero chance of being selected (probability).

As we know, there are many other companies in the non-manufacturing sector which have marketing activities. Therefore, the first stage of research uses judgement sampling. Stratified sampling drew 600 marketing managers from the 3088 manufacturing companies. No population element has a known non-zero chance of being selected (non-probability). Unfortunately, as in many countries, the distribution of manufacturing companies among different manufacturing activities in Saudi Arabia

is not equal. Table 5.4 gives the number and percentage of manufacturing companies among different manufacturing activities in Saudi Arabia. Consequently, the second stage of research uses a probability design and the distribution will be proportionate sampling from the sample size.

**TABLE 5.4**  
**Distribution of Manufacturing Companies among Industrial Activities in Saudi Arabia**

No	Manufacturing Activities	Population size	Percentage %
1	Manufacture of food & beverages	493	16 %
2	Textile, wearing apparel and leather industries	133	4.3 %
3	Manufacture of wood & wood products including furniture	133	4.3 %
4	Manufacture of paper, printing & publishing	186	6 %
5	Manufacture of chemicals & plastic products	635	20.6 %
6	Manufacture of construction materials, chinaware, ceramic and glass	557	18 %
7	Basic metal industries	97	3.1 %
8	Manufacture of machinery, equipment and fabricated assembling products.	801	26 %
9	Other manufacturing industries	53	1.7 %
<b>Total number and percentage</b>		<b>3088</b>	<b>100%</b>

Source: Ministry of Industry and Electricity, Development of Industry and Electricity in Saudi Arabia, 2000.

#### 5.5.4 Sample Size Determination

Determining the sample size, which is the number of elements to be included in the study, must be an acceptable representation of the population (Malhotra, 1996). According to Sekaran (1992), a sample size larger than 30 and less than 500 could be effective, depending on the type of research questions investigated.

Table 5.5 gives an idea of sample sizes used in different marketing research studies. In this study, it was decided that 600 executive marketing managers in Saudi manufacturing companies would be used as the sample size of the study. These 600 marketing managers were selected by stratified random sampling from the 3088 manufacturing companies in Saudi Arabia. The researcher determined this number

because the population for this research was more than 2500. In addition, the researcher relied on advice from and consultations with different sources (e.g. the supervisor, experts, and colleagues).

**TABLE 5.5**  
**Sample Size Used in Marketing Research Studies**

Type of study	Minimum size	Typical range
Problem identification research (e.g., market potential)	500	1,000-2,500
Problem-solving research (e.g., pricing)	200	300-500
Product tests	200	300-500
Test marketing studies	200	300-500
TV, radio, or print advertising (per commercial or as tested)	150	200-300
Test-market audits	10 stores	10-20 stores
Focus groups	2 groups	4-12 groups

Source: Malhotra, 1996, p. 363.

### **5.5.5 Sampling Process Execution**

The final step of the sampling design process is executing the sampling process. This requires the detailed specification of the sampling design decision with respect to the population, sampling frame, sampling unit, sampling technique, and sample size to be implemented (Malhotra, 1996). A procedure and detailed information should be provided for all sampling design decisions. In this study, the researcher defined every marketing manager in the Saudi private manufacturing sector. In addition, the research obtained an up-to-date directory of Saudi manufacturing companies as the sampling frame. Based on this directory, published in 1998, which includes 3088 firms, the researcher selected 600 firms as the sample size of the study.

One, a sampling unit was a marketing manager in these companies. In the case of any company not having a marketing manager, the questionnaire would be submitted to the person in charge of marketing activities. On the other hand, because the distribution of companies in manufacturing activities was not commensurable, the

researcher decided to use the stratified random sampling technique. The 600 companies were segmented into manufacturing activity in order to represent the population sample. Thus, the researcher chose randomly from the 3088 companies. Table 5.6 shows the number of samples in every sector in manufacturing activities and their percentage. Although this technique was costly and time-consuming for the research, it had many advantages. The researcher obtained more accurate information, it was the most efficient of the probability designs, and had the minimum bias, enabling an estimate of sampling errors to be made.

**TABLE 5.6**  
**Determining Sample Size from a Given Population**

No	Manufacturing Activities	Population size %	Sample size
1	Manufacture of food & beverages	16 %	96
2	Textile, wearing apparel and leather industries	4.3 %	26
3	Manufacture of wood & wood products Including Furniture	4.3 %	26
4	Manufacture of paper, printing & publishing	6 %	36
5	Manufacture of chemicals & plastic products	20.6 %	124
6	Basic metal industries	18 %	108
7	Manufacture of construction, chinaware, ceramic and glass	3.1 %	18
8	Manufacture of fabricated metal products, machinery and equipment	26 %	156
9	Other manufacturing industries	1.7 %	10
<b>Total number and percentage</b>		<b>100%</b>	<b>600</b>

## 5.6 Development of the Instrument Design

Developing an effective research instrument is very important and is not a straightforward task. Although some researchers support that, instrument development implies four major steps: Information Need Determination, Data Collection Process Decision, Instrument Drafting, and Instrument Testing (Cooper & Emory, 1995). The researcher added one more component: the factors that improve the response rate of mail questionnaires. On the other hand, because the researcher discussed the first and

second steps in a previous section, the purpose of this section involves three sub-sections. The first sub-section deals with presenting instrument design by drafting the specific measurement question. The second sub-section deals with instrument testing to remove any possible confusion from the instrument. The processes which were used to improve response rates will comprise the third sub-section.

### **5.6.1. Instrument Drafting**

Generally speaking, instrument drafting of a good item for a questionnaire is more of an art form than a scientific undertaking because the researchers usually learn the skills through their experience rather than by reading a series of guidelines. This segment of the section will discuss briefly questionnaire components and guidelines for questionnaire construction.

#### **5.6.1.1. Questionnaire Components**

There is general agreement among researchers concerning questionnaire components. Survey instruments normally include three types of questions. The most important of these are target data, and the second type is the respondent's characteristics, while the third type of information is administrative. Each of these types includes many components. For instance, target data includes facts, attitudes, preferences, and expectations about the central topic while the respondent's characteristics include sex, age, income, family situation, and attitudes toward topics associated with the research subject. Moreover, the third type, the administrative, includes the respondent's identification, interviewer identification, data, place, and conditions of the interview (Cooper & Emory, 1995). The questionnaire layout in this study consists of three parts: covering letter, recommendation letters, and the questions. These parts are discussed below.

The first page of the questionnaire components is the recommendation letter. This letter resembles a request for co-operation which has been stated in an official letter from the Council of Saudi Chambers of Commerce and Industry (see Appendix B). This letter helped the researcher to increase the percentage of respondents in the sample. The second part of the questionnaire components is a covering letter. The letter included (a) introducing the author as being a student from Imam University studying for his Ph.D., at the University of St-Andrews; (b) the title of the study; (c) the supervisor of the study; (d) the purpose of the study and the reason behind the selection of the interviewee; (e) an assurance of the confidentiality of responses (see appendix C). Finally, the questions were the last and most important part of the questionnaire component. This part is the major portion of the questionnaire, (see Appendix D). The questions of classification, question format, and question scaling are clarified in this section.

In light of the above, the researcher divided the questions for this thesis into five parts. The first part contains ten questions (Q1-Q10) that deal with background information on the marketing manager or the person who is in charge of marketing activities. This part comprised several variables such as age, nationality, highest degree, field study, experience, and participation in the training programmes in the marketing field. The second part was twelve questions from Q11 to Q22c. This part focused on the companies' characteristics which included many variables such as: type of activity, ownership, number of product, type of product, total investment, the competition, and company's success as marketing managers perceive.

The third part contained six questions (Q23 – Q28e). The objective of this part was to define the extent to which the company performs a number of activities generally classified under the functional area of marketing which includes objective

setting, marketing planning, co-ordination and integration, motivation, evaluation and control, and marketing research. In part four, seven questions (Q29-Q35) try to define the marketing managers' perceive of the usefulness of marketing concepts in their companies. This part comprised market oriented, market segmentation, product positioning, optimisation of marketing mix, product differentiation, the building of brand loyalty, and test marketing. The questions in the last part are a search for the obstacle factors in employees, marketing know-how in the Saudi environment (Q36-Q53). These barriers are present in both the external environment and the internal environment. Included in the external environment are government situation, the economic situation, education, competition, culture, and religion. On the other hand, some of the internal factors were: top management attitude, limited training programmes, focusing production tasks rather than marketing tasks, and lack of professional marketing personnel. The next segment of the chapter presents the guidelines for questionnaire construction.

#### **5.6.1.2 Guidelines for Questionnaire Construction**

Due to the fact that question construction is the foundation of all questionnaires, most researchers suggest some guidelines which should be incorporated as much as possible into the process of constructing the questionnaire used in the research. The first guideline is important in that the questionnaire must translate the research objectives into specific questions, and the answers for these questions should provide the data for hypothesis testing (Blaxter, Huges, & Tight, 1996). Secondly, the questions must also encourage the respondents to provide the information being sought, so personal questions should be avoided together with contingent questions. Thirdly, each question must be of unambiguous wording using clear vocabulary, correct grammar, and instructions on how to answer should also be



included (Blaxter et al., 1996; Tuncalp, 1988). Finally, attention must be given to each question's content, wording, structure, format, and order (Frankfort & Nachmias, 1996).

Following the above guidelines, the researcher has developed the questionnaire from some articles (e.g. Akaah, et. al, 1988; El-Haddad, 1991; Dadzie & Lee, 1991; Mohamed et al., 1992) and distributed it to many researchers to add their comments and suggestions as instrument testing. (Pilot study or instrument testing will be discussed later in this chapter). Therefore, the questionnaire was developed with full instructions, simple wording, clear content, and easy response structure. The description of questions format and questions scaling in this study will be achieved in this section.

#### **5.6.1.2.1 Questions Format**

Usually the questions in any questionnaire or interview can be classified into two types: structured questions and unstructured questions. The structured questions are often called closed-ended questions while the unstructured questions are called open-ended questions. The respondents in closed questions are offered a set of answers and asked to choose the one that most closely matches their views and opinions, while the open-ended questions do not have a limited set of responses or any particular structure (Frankfort & Nachmias, 1996). Both of these types have several advantages and disadvantages.

Some of the advantages of closed questions are (1) it is easy to ask and quick to answer, (2) the answers to such questions could be written in quantitative terms for data analysis purposes. While the disadvantages of this type are: they do not provide deep answers, and they may yield biased answers either through leading the respondent to select from the alternatives included or by letting the participant choose

alternatives that might not have otherwise come to mind. On the other hand, the open-ended questions also have several advantages and disadvantages. The advantages of this form include: 1) They do not force the respondent to pick from a list of answers. (2) They allow the respondents to express their ideas, opinions, and thoughts freely in their own words. While the major disadvantages of this form is that they are difficult to answer and still more difficult to analyse (Frankfort & Nachmias, 1996).

According to the above guidelines, the questionnaire developed in this study includes mainly closed-end questions because Saudis are reluctant to participate in lengthy questionnaire studies (Tuncalp, 1988). However, the researcher also used unstructured questions in order to overcome the disadvantages of using structured ones. The researcher has designed empty spaces after many close-ended questions to allow the respondents to state their own view on the question. Moreover, the interviews which were made with the seven marketing managers used unstructured questions. Therefore, the researcher has used both types of questionnaire: both structured and unstructured.

#### **5.6.1.2.2 Questions Scaling**

A scale is a tool or mechanism that consists of answers to a number of questions by which individuals are distinguished on the variables of interest to our study, in some form or another (Sekaran, 1992). The basic types of scales include nominal, ordinal, interval, and ratio. The nominal scale is usually used to reflect the demographic factors included in the questionnaire (age, nationality, education, experience, and so on). On the other hand, the ordinal scale is usually used to rate preferences of various numbers of characteristics by individual, objects, or events. Moreover, the interval scale is used when the responses to various items that measure a variable can be tapped on a number of points scale, while ratio scale was used to

allow the researcher to identify or classify objects, rank order the objects, and compare intervals or differences (Sekaran, 1992).

The questionnaire used in this study has three kinds of scale: nominal, ordinal and ratio. The researcher used a nominal scale in part one, because this part was related to the demography of marketing managers. The second part was to identify or classify the company's information, so the researcher used a ratio scale. Parts three, four, and five used the ordinal scale. Moreover, researchers in the measurement and scaling of attitude usually use three popular types of scaling techniques. They are graphic rating, itemised rating, semantic differential and Likert scales (Sekaran, 1992).

The Likert scale was used in this study for many reasons. First, the Likert type scale, with an upper-boundary and a lower-boundary, allows the researcher to use raw data without having to run complex data manipulation techniques to standardise the data. Secondly, the subject of the research and the responders' nature were pushing the researcher to use this type because hard data on some of the items would not have been readily available to the respondent. Thirdly, the Likert type scale is easy to design and reduces cost and time spent on data processing. Therefore, the questionnaire scales used in this study have the form of a five-point Likert scale, and employed three forms of Likert scales to measure different perceptions which depend on the context of the questions. Part one was about how heavily marketing activities are used: (never, limited, middle, high, and very high). Part two was about how useful marketing concepts are: not at all, slightly, sometimes, quite, or extremely. The third was about the factors hindering applicability of marketing know-how: (not at all, slightly, medium, sometimes, or strongly).

## **5.6.2 Instrument Testing (Pilot Study)**

Once a first draft of the instrument has been designed, it should be tested. Usually at least two or three drafts are developed before reaching the final draft. There are many motivating reasons for the researchers to test the questionnaire. The first reason is to detect weaknesses in the instruments. Secondly, to check that all questions and instructions are clear. Thirdly, the researcher should remove any items that do not yield valuable data, and then reduce any possible sources of error that may adversely affect the validity and reliability of the instrument. Moreover, due to the fact that the respondents usually think there are no difficult questions in completing the questionnaires, researchers conduct a pilot study to remove any possible confusion from the instrument (Bell, 1996). Because this study is related to the Saudi environment which is an Arabic society, the researcher developed the questionnaire in two phases. The first one is the English version. It was developed and yielded to a final draft instrument, and was translated into Arabic as a second phase. Both of these phases are described below.

### **5.6.2.1 The First Phase**

In spite that the Arabic version being the more important, because the researcher was going to use it to collect the data, the English version was still the main resource of the questionnaire. Therefore, the English version for testing took the following process:

1. After preparing the first draft of the questionnaire, the researcher submitted it to his supervisor and discussed it with him. Based on this meeting, the author received several recommendations and he used them as a basis in the second draft.
2. Relying on the adviser's suggestions, the second draft of the questionnaire was circulated to people with PhDs and graduate students whose interests were in the

business field, to test the clarity of the questions. Because the researcher in a members of the Moslem Student Association in Scotland and has many academic friends, some doctors and many Ph.D. students participated in this study. Table 5.7 shows some respondents who introduced some comments or recommendations for this questionnaire. In three weeks, based on the suggestions and comments, the researcher benefited from these academics and the third draft was prepared.

**TABLE 5.7**

**Distribution of the Questionnaire as a Pilot Study of the Questions**

No.	The degree	Nationality	University	Submitted by	Field study
1	Professor	Scottish	Abertay	Personally	Marketing
2	Professor	Saudi Arabian	King Faisal	E-mail	Marketing
3	Doctor	Scottish	Abertay	Personally	Marketing
4	Doctor	Saudi Arabian	King Fahad	E-mail	Marketing
5	Doctor	Kuwaiti	Kuwait	E-mail	Business Management
6	Doctor	Libyan	Dundee	Personally	Management
7	Doctor	Palestinian	Robert Gordon	Personally	Management
8	Doctor	Saudi Arabian	King Faisal	E-mail	Information Management
9	Student Ph.D.	Saudi Arabian	St-Andrews	Personally	Marketing
10	Student Ph.D.	Egyptian	St-Andrews	Personally	Marketing
11	Student Ph.D.	Egyptian	St-Andrews	Personally	Managerial Economic
12	Student Ph.D.	Germanic	St-Andrews	Personally	Management
13	Student Ph.D.	Japanese	St-Andrews	Personally	Finance Management
14	Student Ph.D.	Saudi Arabian	Dundee	Personally	Accounting
15	Student Ph.D.	Palestinian	Dundee	Personally	Management Accounting
16	Student Ph.D.	Malaysian	Dundee	Personally	Islamic Accounting
17	Student Ph.D.	Saudi Arabian	Bradford	Post mail	Marketing

3. Due to the difference in viewpoints between Academic idioms and businessmen's codes, the researcher visited "The Dundee and Tayside Chamber of Commerce and Industry" to get the manufacturing companies' addresses in the Dundee area. The fourth draft of the questionnaire was then circulated to fifteen marketing managers, or persons who are in charge of marketing activities, in Dundee area Companies (see Appendix A). During the three weeks only four respondents' questionnaires arrived with their comments and remarks. The companies which responded and sent good feedback for this research are listed in Table 5.8. The feedback was examined carefully and after consulting with the supervisor of the study, the decision was made to exhibit the fourth draft to a statistical expert before making the final draft.

**TABLE 5.8**  
**Dundee Manufacturing Companies that Participated in the Pilot Study**

<b>No.</b>	<b>Company's Name</b>	<b>Manufacturing Activity</b>	<b>Respond Function</b>
1	Assidoman Sacks UK Limited	Pulp, paper & paper products	Manufacturing Manager
2	Godfreys of Dundee Limited	Textiles	Trading Manager
3	Selvesen Food Services Limited	Fruit & Vegetables	General Manager
4	Shaws Dundee Sweet Factory Limited	Food & drink	Managing Director

4. The researcher had a meeting with a professional in statistics science Mr. Donald Sinclair at the University of Dundee, to be sure that the questions were measurable. Based at the discussion of the meeting, several suggestions were made concerning the rewording of some sentences. The final draft of the questionnaire was prepared with the adviser after all these steps.

### 5.6.2.2 The Second Phase

Once the final draft of the English version of the questionnaire had been written, the researcher translated it into Arabic. The preparation of the Arabic version of the questionnaire took place through the following steps:

1. The first draft of the Arabic version was translated and prepared by the researcher. Then, copies of the preliminary translation were distributed among twenty-two post-graduate students, here in Dundee, and St-Andrews. Their opinions and comments concerning the questionnaire in general were requested. These students were from Saudi Arabia, Libya, Egypt, Palestinian, Lebanon, and Gulf Corporation Council Countries. Some suggestions were received especially on the translation into Arabic. Most of the suggestions were incorporated into the second draft.
2. On September 15<sup>th</sup> 1999, the researcher returned to Saudi Arabia, to conduct empirical work and administer the questionnaire in Saudi private manufacturing companies. After completing the pilot study, which was conducted in St-Andrews, the researcher distributed the questionnaire and interviewed five of his colleagues at Imam University and King Faisal University. All of these colleagues have their major in marketing. Two of these researchers gave valuable feedback and helped to strengthen the questionnaire. The third draft of the questionnaire was amended in view of their recommendations.
3. Because the Arabic language is a very strict language, the researcher asked a director of Arabic teachers at the Ministry of Education in Al-Hassa province to check the Arabic grammar of the questionnaire. After the researcher got the best grammatical wordings for the questions, the questionnaire was made into the fourth draft and was prepared for pilot study.

4. For further evaluation and because of the differences in viewpoint between academic idioms and businessmen's codes, the questionnaire was taken to the field for pilot testing. The questionnaire was sent to 25 corporations. The researcher used a personal delivery method by reducing the waiting time for receiving the questionnaires. The researcher spent two weeks with 9 companies only. It was a very hard method because the majority of managers excused themselves from cooperating with the researcher. Some of them delayed the time for submitting the questionnaire and this made took time a way from another company's time. In addition, the travelling, the effort, the money, and the time lost during the two weeks must be considered. Table 5.9 shows the companies, respond function, amount of time spent, type of industry, and how they participate.

**TABLE 5.9**  
**Saudi Companies That Participated in the Pilot Study by Personally Delivered Questionnaire**

No	Type of Industry	Type of Manager	Time Taken	Participation
1	Manufacture of food & beverages	Production manager	Next week	Made comments & discussed many questions
2	Manufacture of food & beverages	Marketing manager	Three days	Fill out Questionnaire & remarks in two questions
3	Textile, wearing apparel and leather industries	Marketing manager	Next day	Did not complete the questionnaire.
4	Manufacture of wood & wood product	Vice president	Two weeks	Added one barrier
5	Manufacture of chemicals & plastic products	Sales manager	Immediately	Discussed many of the questions & changed some words as business codes
6	Manufacture of chemicals & plastic products	Owner	Three days	Made comments & discussed many questions
7	Manufacture of chemicals & plastic products	Marketing manager	Ten days	Made comments & discussed many questions
8	Manufacture of construction materials, ceramic and glass	Owner	Immediately	Filled out Questionnaire & no comments
9	Manufacture of machinery, equipment and fabricated assembling products	Finance manager	Next day	Filled out Questionnaire & did not add anything



Although the researcher faced hard work with this method, he could collect good notes, observations, and comments. Therefore, the wording, format, and the sequences of some questions were modified in the final copy of the questionnaires (see Appendix H).

### **5.6.3 Improving Response Rate of Mail Questionnaires**

Usually, any researcher when using mail questionnaires as an instrument for gathering data in his research, will be worried about obtaining a low response rate. Therefore, the main disadvantage for mail questionnaires, as described in the previous section, is that response rates are low (Sekaran, 1992). Many researchers feel that a 30% response rate for mail questionnaires is considered satisfactory (Cooper & Emory, 1995). However, some researchers excluded some countries, particularly developing countries, from that percentage and reduced the rate by half, so they consider a 15% response rate to be normal in developing countries. Tanner (1999) maintains that authors must tolerate low (<15%) response rates in business marketing survey research because results of such studies can still make a contribution to the knowledge base and the response bias may be difficult to substantiate. There are many processes used to increase the return rate of mail questionnaires, while the researcher in this study used most of the following techniques and strategies to stimulate response and to ensure the success of the mail questionnaires.

#### **5.6.3.1 Questionnaire Length**

As the researcher observed in some interviews, marketing managers are very busy because their departments are the most active in middle management in any company and top managers depend on them for many things. Therefore, they prefer the questionnaires to be as short as possible. For this reason and drawing benefit from

the pilot study, the researcher in this study designed a short questionnaire to increase return rates for the mail questionnaire.

### **5.6.3.2 Survey Sponsorship**

The second strategy that was used in this research to increase return rates was to send official letters from executive administrations which have a good relationship with these companies along with the questionnaire. These sponsorships often motivate the respondents to fill the questionnaire and return it (Frankfort & Nachmias, 1996). Therefore, an official letter was obtained from the Council of Saudi Chambers of Commerce and Industry asking for the co-operation of marketing managers in the private sector in Saudi Arabia (see Appendix B). These methods helped the researcher make clear to respondents how important their participation was to this study.

### **5.6.3.3 Anonymity**

The researcher in this study tried to create confidence among respondents by putting in the cover letter a note that all data and information provided would be treated with the utmost secrecy and would only be used for the purpose of this study. Secondly, there was no name of any company on the return envelope and the last question of the questionnaire was to write the name and address if they wanted a summary report of the finding of the study. This ensured total anonymity to the participants in this study. This procedure encouraged the respondents to fill out the questionnaire and raised the response rate.

### **5.6.3.4 Postage and Return Envelopes**

Once the final draft of the questionnaire is prepared, the inclusion of a stamped addressed return envelope will encourage response because it simplifies questionnaire return. The respondents, particularly managers, are usually very busy and do not want to lose any time finding an envelope and then going to the post office to have it

weighed and stamped. Instead, they want everything to be on hand to fill out the questionnaire. Consequently, in this study, each questionnaire was accompanied by a stamped addressed return envelope.

### **5.6.3.5 Mailing Time**

Choosing the mailing time is the most important technique for any researcher to guarantee a good rate of return for a mail questionnaire. The majority of authors concur that the summer and holiday season produce the lowest response rate (Frankfort & Nachmias, 1996). Therefore, the researcher and his supervisor agreed that the questionnaire for this study would be conducted during October 1999. As everybody knows, the summer in most parts of Saudi Arabia has very hot dry weather and many managers in manufacturing companies take their vacations during the summer. Moreover, there were no holidays during October and November 1999. So this period was a good time to distribute the questionnaire to marketing managers in Saudi manufacturing companies.

### **5.6.3.6 Follow-up**

Studies have suggested that when the questionnaire is mailed, the researcher should follow-up the questionnaires to raise the response rate. Follow-up letters are the main strategy of the Total Design Method (TDM) (Frankfort & Nachmias, 1996). The researcher in this study applied the TDM follow-up procedure to motivate individuals who had not responded. Three weeks after the date of mailing the questionnaires, the first follow-up letters were sent requesting the co-operation of those managers who had not yet responded (see Appendix E). Second follow-up letters were then sent two weeks after the first follow-up letters (Appendix F). Although the follow-up strategy resulted in receiving only 74 questionnaires, the

researcher believes that the follow-up process could not be applied successfully without adhering to this system.

## **5.7 Validity and Reliability**

Generally speaking, whatever procedure for collecting data is selected, researchers usually use two main criteria to insure the effectiveness of a measurement tool. These are validity and reliability. Validity tests the extent to which a measurement is free of variable errors while reliability is concerned the extent to which an instrument measures whatever it was designed to measure (Moser & Kalton, 1986; Sekaran, 1992). Research is valid when the conclusion is true, and it is reliable when the findings are repeatable. Those two criteria have several types, which will now be discussed.

### **5.7.1 Validity**

There are several kinds of validity test used to test the goodness of measurement. However, there are three broad headings of validity of measurement that most researchers are concerned with. They are content validity, construct validity, and criterion-related validity (Hawkins & Tull, 1994; Sekaran, 1992).

**Content validity**, sometimes called face validity, consists of a subjective, yet systematic, evaluation of how well the content of the scale represents the measurement task at hand. (Malhotra, 1996). Researchers can determine content validity through careful definition of the research topic, scaled items, and the scale to be used. When the research questions are to be covered and there is orderly segmentation of the major research into specific questions that has content validity (Hawkins & Tull, 1994; Litwin, 1995).

In this study, the researcher used different techniques to ensure the content validity of the study. Based on the intensive literature survey which was detailed in the early section of this study, the important aspect of the study is comprehensively covered in both the questionnaire and interview. So the questionnaires and interviews in this study have fully covered the topic of research. The questions in the questionnaire which were discussed earlier, were constructed clearly and in an unbiased style. Many of these questions gave spaces for the respondents to add notes and remarks of their own. Moreover, the questionnaire was revised and improved based on the opinions of expert academic staff, colleagues, and from the respondents similar to the population. As was mentioned, the questionnaire was in both Arabic and English drafts. While the English draft was evaluated and refined by 18 academic people and 4 marketing managers in manufacturing companies in Dundee, the Arabic draft was tested by 5 of the researcher's colleagues at Saudi Universities and 9 marketing managers in Saudi manufacturing companies. Some questions were modified at this stage.

**Criterion-related validity** reflects the measure of success in differentiating individuals on a criterion it is expected to predict and used for empirical estimating purposes (Malhotra, 1996). This kind of validity can take two forms based on the time period involved. They are concurrent validity and predictive validity. Concurrent validity is assessed when the data on the scale being evaluated and on the criterion variable are collected at the same time, while predictive validity is assessed when the data are on the scale at one point in time and data on the criterion are variable at a future time.

The results from the interviews were very similar to the results obtained from the questionnaires. So, the test was satisfactory in providing results and it was shown

to be consistent with what the researcher believed and expected. Moreover, these results seem to be consistent with the findings in other studies (Akaah, et al., 1988; Mohamad et al., 1992; El-Haddad, 1991). Therefore, it can be concluded that the test was successful and the concurrent validity of this study is very good.

**Construct validity** is often determined only after years of experience with a survey instrument, and it is the most sophisticated and difficult type of validity to establish (Litwin, 1995). The researchers attempt to answer theoretical questions about why their scale works and what deductions can be made concerning the underlying theory. This form of validity is often thought to comprise two other forms of validity: convergent and divergent. Convergent validity is the extent to which the scale correlates positively with other measures of the same construct, while divergent validity is the extent to which a measure does not correlate with other constructs from which it is supposed to differ (Malhotra, 1996).

Construct validity is acceptable especially as the first draft had been piloted, and using the personal interview as a second instrument for data gathering contributed positively to the construct validity. Moreover, using the Likert scale with its five categories also contributed to improving the contract validity. On the other hand, to evaluate construct validity statistically, the major approach commonly used involving assessment is convergent validity. Moreover, the result obtained from the questionnaire should have high correlations with other outcomes of the conducted interview, which indicates the convergent validity and thus some degree of construct validity. Therefore, measures like piloting the questionnaire, readjusting the questions, and using face-to-face interviews at the piloting stage have been adopted to ensure maximum validity.

### 5.7.2 Reliability

Reliability refers to the extent to which a scale procedure produces similar results under constant conditions on all occasions (Bell, 1996; Malhotra, 1996). If people answer a question the same way on repeated occasions then it is reliable. Reliability also refers to the stability and consistency with which the instrument measures the concept and helps to assess the goodness of a measurement (Sekaran, 1992). There are various forms of reliability that could be used by researchers. However, according to Frankfort and Nachmias (1996), reliability is commonly assessed in three forms: test-retest reliability, parallel-form reliability, and split-half reliability.

**Test-retest reliability** is the most commonly used indicator of survey instrument reliability. The respondents in test-retest are administered identical sets of scales at two different times under as nearly equivalent conditions as possible. The results between the two measurements are determined by computing a correlation coefficient. With this method the higher the correlation coefficient the greater the reliability (Malhotra, 1996).

However, some problems are associated with this approach in determining reliability. First, although researchers prefer the time interval between tests to be two to four weeks, it is still sensitive to the research being concluded. For example, if the retest is given too quickly, the subject will remember his or her previous answers and then repeat them. Second, the initial measurement may alter the characteristics being measured. Third, it may be impossible to make repeated measurements. Fourth, the characteristics being measured may change between measurements. For instance, favourable information about an object between measurements may make a respondent's attitude more positive. Finally, this approach of reliability coefficient can

be inflated by the correlation of each item with itself. Based on these problems, a test-retest method is applied in conjunction with other approaches, such as parallel-forms reliability.

In **parallel-forms reliability**, two equivalent forms of scales are constructed. The same group of people are measured at two different times. Both forms have similar items and the same response format while only the wording and ordering of questions change (Sekaran, 1992). The results of the two tests are then correlated in order to obtain an estimate of reliability. This approach also has two major problems. First, to construct equivalent forms of the scales requires a long time and a lot of money. Second it is difficult to construct two equivalent forms of scale because it requires the same means, variances, and intercorrelations. Thus a low correlation may reflect either an unreliable scale or non-equivalent forms. For these problems, the test-retest reliability and parallel-forms reliability were not focused upon in this study.

**Split-half reliability** reflects the correlation between two halves of an instrument. The scale items can be split into halves based on odd, and even, numbered items or randomly. This technique can be used when the measuring tool has a number of similar questions or statements to which the subject can respond (Sekaran, 1992). However, the problem is that the results will depend on how the scale items are split, and the familiar way to overcome of this problem is to use the coefficient alpha (Malhotra, 1996). Consequently, these three types of reliability are not always feasible or necessary because there are disadvantages and problems associated with all of them (Bell, 1996).

The researchers can improve equivalence by boarding the sample of items used, and check by adding similar questions to the questionnaire and piloting of the instrument (Cooper & Emory, 1995). This study implemented this strategy as



described above. Some of the questionnaire's questions in this study constructed were consistent with the others. When the answers to some questions are consistent with the results of other questions, the instrument is reliable. For instance: the answers to questions 15, 18, 3, 20, 9, 35, 6, 19, 1, and 28 should be consistent with the answers to questions 33, 43, 4, 47, 50, 52, 7, 47, 7, and 52 respectively. Moreover, one of the most popular reliability tests is Cronbach's alpha coefficient (Sekaran, 1992). Therefore, in this study reliability was tested using Cronbach's alpha coefficients, which will be discussed in the following chapter.

## **5.8 The Data Preparation Process**

After the research problem and hypothesis had been defined, research design formulated, survey methods conducted, and sampling design developed, the researcher can move on to data preparation and analysis (Malhotra, 1996). Researchers have decided how to analyse the data during the research design stage, because the quality of statistical results depends on the care exercised in the preparation phase. After collecting the data, the researchers should undertake several steps in order to gain accurate and meaningful results from the analysis stage. According to Malhotra (1996) these steps include: checking the questionnaire data editing, coding, transcribing, cleaning data, statistically analysing the data, and selecting data analysis strategy. These steps will be discussed in the following section.

### **5.8.1 Questionnaire Checking and Data Editing**

Once the data begin to flow in, questionnaire checking should involve reviewing all questionnaires for completeness and interviewing quality. The main purpose of the data editing is to ensure that data are (1) accurate, (2) consistent with other information, (3) uniformly entered, (4) complete, and (5) arranged to simplify

coding and tabulation (Cooper & Emory, 1995). There are many reasons for a questionnaire to be returned from the fieldwork in an unacceptable state. (1) Parts of the cut-off pattern variance questionnaire are incomplete, because one or more pages may be missing. (2) The pattern of responses may indicate that the respondent did not understand, or show little variance in the point rating scale. (3) The questionnaire is received after the re-established cut-off data, or answered by someone who is not qualified to participate (Malhotra, 1996). Therefore, any problem in these data questionnaires should be identified and corrected, while the acceptable questionnaires should be classified and counted accordingly.

The researcher in this study followed the rules mentioned above. The researcher checked the data directly, while fieldwork was still under way. The checking took two steps. In the beginning, every questionnaire received was dated to know which questionnaire came early and which came late. After that the questionnaire was read to check and edited twice with a first reading to find out ambiguous answers and thus correct them. For instance, Q11 in questionnaire classified manufacturing companies into nine sectors as in the Saudi Industrial Directory. They put Manufacture of Prepared Animal Feeds into the first type, which is Manufacture of Food & Beverages. They put also Medical Bandage Manufacturing in the second type, which is Textile, Wearing Apparel and Leather Industries. They put Diapers and Tissue Manufacturing in the fourth type, which is Manufacture of Paper, Printing & Publishing. Eight items were answered in number 9 "Other Manufacturing Industries", and wrote their named activities in the empty space. The researcher replaced every activity in its type. The second reading for every questionnaire is to detect errors or doubtful answers. If blank answers or clear bias between the questions were found, they would be rejected. Therefore, 16

questionnaires were rejected from the useful questionnaires that were received, because some answers were incorrect, incomplete, or biased. Otherwise, if there was any information in the questionnaire out of the objective, editing was carried out and was written alongside, then organised it to be analysed with qualitative results.

### **5.8.2 Coding**

Coding means adding a code, usually a number or other symbol, to each possible response to each question (Malhotra, 1996). Researchers try to help and encourage the respondents to answer every idea or implement to increase the number of respondents. One of the implements is coding which helps the researcher to reduce several thousand replies to a few categories containing the critical information needed for analysis. Letters, numbers, or a combination of both can be used for the coding. For instance, the code "M" or "F" could be used instead of entering the word male or female. However, the coding numerical data, for some variables such as age, income, number of children and so on, can be done by letters, numbers, or combination of both. In this study, the codes are assigned before field work because the questionnaire contains only structured questions. The respondent code and record number appear on each record. The researcher variables were coded into formats for Statistical Packages for Social Science (SPSS). Moreover, for the purpose of setting up the computer programme to analyse the data, the variables were also given unique names such as age, education, nationality, experience, kind of industry, kind of product, and number of products.

### **5.8.3 Transcribing**

Transcribing data involves transferring the coded data from the questionnaire or coding sheets gathered by primary methods onto disks or magnetic tapes, or directly

into a computer by keypunching. Computers have now become the primary tool for viewing and analysing data, because the data are entered directly into the computer as they are collected. Therefore, the researchers used a computer to store, process, access, and analyse data sets more quickly and easily. The data can be transferred into the computer by using optical scanning, mark sense forms, or simply using the computer keyboard. The researchers can enter the data through databases, spreadsheets, statistical packages, or any data entry form. At this stage, it is necessary to verify the data set, or at least a part of it, because entry mistakes can happen. In this study, the researcher transferred and entered the data simply by using the computer keyboard. This method is easier and quicker than optical scanning and mark sense forms because optical scanning involves direct machine reading of the codes and simultaneous transcription, and mark sense forms require responses to be recorded as special pre-designated area coded for those responses (Malhotra, 1996).

#### **5.8.4 Data Cleaning**

Data cleaning tries to derive correct responses by going back to the editing and coded questionnaire. Therefore, respondent code, variable code, variable name, record number, column number, and inconsistent values are important information that can be printed to locate these responses and to take corrective action. Because researchers do not expect all parts of their questionnaire to be answered by the respondents, they have suggested a best technique for data cleaning to handle blank responses. They suggested that the best way to deal with blank responses is to allow the computer to ignore blank responses when the analysis is done (Sekaren, 1992). Therefore, the researcher in this study decided to apply this technique to handle this problem, because the sample size was very big, and to enhance the validity of the study. The

researcher programmed into the statistical software a missing data code using 99, in order to ignore blank responses in the analysis.

### **5.8.5 Selecting Data Analysis Techniques**

The process of data analysis technique should be based on methods for describing and making decisions about phenomena using the data. These methods consist of descriptive statistics as the first category, and inferential statistics as the second category (Huck & Cormier, 1996). Descriptive statistics usually enables the researchers to summarise and organise data in an effective and meaningful way, while inferential statistics, whether parametric or non-parametric, usually allows researchers to make decisions or inferences by interpreting data patterns. Both, descriptive statistics and inferential statistics were used in this study. The researcher used percentages, frequency tables, histograms, medians, variance, standard deviation, and bar charts as descriptive statistics to obtain personal data and classification variables in his study. The details of this procedure and results of these tests will be discussed in the next chapter.

## **5.9 Summary**

This chapter has outlined the researcher's methodology used to conduct this study. The first part refers to the operational hypotheses developed for the objectives of the study, while the research design being employed was also detailed in this chapter. After that, the design of survey methods was discussed and the data collection process used, consisting of the questionnaire survey and interview survey. The researcher developed the instrument design by drafting and testing the questionnaire. On the basis of the findings of the pilot study, modifications were made to the structure of the questionnaire. Moreover, many processes were used in this research to

increase the rate of return of the mail questionnaire. The unit was the marketing manager and the sample size was 600 questionnaires chosen randomly from 3088 manufacturing companies in the Saudi manufacturing sector. Validity and reliability were discussed in section seven. This effort was made to decrease the possibility of introducing bias in the findings of the study. Finally, this chapter discussed the data preparation process.

## **CHAPTER SIX**

### **Data Analysis and Results**

#### **6.1. Introduction**

Research methodology was presented in the previous chapter, and comprised research design, data collection methods, including data preparation and data analysis techniques. In this chapter the data collected from the sample of marketing managers in Saudi manufacturing companies will be analysed and the results that were obtained will be presented. This chapter has seven sections. Following this introduction, the second section will describe the data analysis techniques that were used in this study and aims to explain the tests used and the results of the analysis. Therefore, the description will be limited to the data analysis techniques that were used. The third section will focus on general quantitative results related to issues such as: response rate, sample representativeness, non-response bias, and sample descriptive statistics. The results of the tests and the analysis of research questions will be in the fourth section, while hypothesis testing will be in the fifth section. The fourth and fifth sections will focus on basic quantitative results of the data that was collected through the postal questionnaire. The qualitative results of the data collected through personal interviews will be in the sixth section. The final section will present the summary of the chapter.

#### **6.2. Data Analysis Techniques**

There are many statistical tests used to assist research in business or other social sciences. These may involve making forecasts, estimates, or drawing conclusions about large sets of data and reaching decisions or making inferences from

the trends present in the data. The tests researchers use will depend on the objectives of the study, type of data that is collected, and the hypotheses or questions that define the study. Statistical methods can be descriptive and/or inferential (Huck & Cormier, 1996). Both statistics (descriptive and inferential) help researchers develop explanations for complex phenomena that deal with the relationship between variables.

### **6.2.1 Descriptive Statistics**

This is a preliminary data analysis that enables a researcher to summarise and organise data in an effective and meaningful way (Bancroft & O'Sullivan, 1993). The purpose of descriptive statistics is that it helps the researcher to describe collections, reduce information to an understandable form and define the interrelationships present. Data presented in tables of frequencies, graphs, measures of central tendencies and dispersions, and diagrams are examples of descriptive statistics. In this study, descriptive statistics were used to exhibit general frequency responses for all variables related to marketing manager characteristics and company characteristics.

### **6.2.2 Inferential Statistics**

Inferential statistics help researchers to generalise their findings and to make a decision or inference by interpreting data patterns (Huck & Cormier, 1996). In inferential statistics, there are two general classes of significant tests: parametric and non-parametric. The researcher in this study has chosen to apply the parametric test for a number of reasons. First, parametric tests are recognised as robust and more powerful than non-parametric tests (Cooper & Emory, 1995; Norusis, 1997). Second, researchers prefer parametric tests because the results of the analysis are clearer and more reliable than non-parametric tests. Third, as this study attracted a high response



(233 responses to the questionnaires), the sample distribution of the mean is normal and it was thought best to use parametric tests (Alnajjar, 2000; Sekaran, 1992). Therefore, the researcher used in this study some parametric statistics which have been found to be suitable to analyse the data in this research. Furthermore, this study used some non-parametric tests where necessary or to see if there are differences in the results in both tests. These tests will be discussed in the following.

The **one-sample *t*-test** is one type of parametric statistical procedure. A one-sample *t*-test, like other inferential statistics, reveals the mean, the standard deviation and p-value. Table 6.1 gives these measures and their definition. The one-sample *t*-test is used to test the null hypothesis that a sample was taken from a population with a particular mean because parametric procedures require interval or ratio scale data (Norusis, 1997). It takes into consideration the mean and standard deviation of two groups to examine if the numerical difference between the means is significantly different from zero (Sekaran, 1992). If the p value is  $< .05$ , the researcher must reject the null hypothesis ( $H_0$ ). In this study, the researcher used the *t*-test on research questions in the previous chapter. These questions were tested at 5% significance level. The result of these tests will be discussed later in this chapter.

**TABLE 6.1**  
**The Measures of the Statistical Methods and Their Definitions**

<b>The Measures</b>	<b>Definition</b>
<b>Mean</b>	The mean is a measure of central tendency. It is the average value of the distribution. The mean offers a general picture of the data without unnecessarily inundating one with each observation. It is expressed by the equation: $\bar{x} = \frac{\Sigma x}{n}$
<b>Standard Deviation (std. dev.)</b>	The standard deviation is a measure of dispersion. For a distribution, the standard deviation is the positive square root of the variance.
<b>p-value (<math>\alpha</math>)</b>	P value is the probability that a statistical result as extreme as the one observed would occur if a null hypothesis were true. It is the level of significance of the test. A significance of $p \leq .05$ is the generally accepted level in social science research.

Source: (George & Mallery, 1999; Sekaran, 1992).

The **two independent sample *t*-test** is used to compare the mean of two different groups. The two groups share a common variable but with no overlap in the membership of the two samples (George & Mallery, 1999). Each group must have a score in two variables. The *t*-test evaluates whether the mean value of the test variable for one group differs significantly from the mean value of the test variable for the second group (Norusis, 1997). This test was applied to most comparisons involving two groups such as: the non-response bias test, the early and late response bias test, and the study variables discussed later in this chapter.

The analysis of variance procedure (**one-way ANOVA**) has been developed to test for differences in the mean of several groups and produces multiple dependent variables and multiple independent variables (George & Mallery, 1999). Independent variables place individuals into two or more levels, while dependent variables differentiate individuals on some quantitative dimension and each individual must have a score in the two variables. If the result of the test was greater than the test value for some level of significance, then the hypothesis that there is no significant difference in the means of the sample groups may be rejected. The researcher used this test for some variables in particular and to compare differences between the study's groups. These tests will be discussed later in this chapter.

**Correlation coefficient** analysis (*r*) is a test to examine how one variable is related to another. It is used to show the degree of linear relationship between two variables. A correlation coefficient ranges between -1.0 and +1.0. The two extremes represent a perfect linear relationship between two variables. Perfect correlations (positive or negative) are essentially never found in the social sciences (George & Mallery, 1999). Positive but not perfect ( $0 < r < 1$ ) correlation indicates that as the value of one variable increases, the value of the other variable also tends to increase.

Negative but not perfect ( $-1 < r < 0$ ) correlation indicates a relationship in which as one variable increases the other variable has a tendency to decrease, where ( $r = 0$ ) indicating no relation between the two variables (George & Mallery, 1999). This study has used this technique to test hypothesis five and other variables.

The **Kruskal Wallis** Like many other non-parametric test is necessary if the respondents are a small sample or it is a non-normal distribution population. The Kruskal Wallis test is an alternative to one-way analysis of variance (ANOVA). This test is used to compare medians for three or more groups where there are differences among the groups within the same population (Huck & Cormier, 1996). In this study, the Kruskal Wallis test and the one-way ANOVA test were used to analyse and compare the differences between groups in the main hypotheses and the sub-hypotheses.

This study has used the **chi-square test** for particular analysis. The chi-square is used to test for significant differences between observed distribution of data among categories and the expected distribution based upon the null hypothesis (Sekaran, 1992). The chi-square was used in this study to test response representativeness in the participating sample. The comparison was between the frequency of response against non-response. The result of this test will be discussed later in this chapter.

### **6.3 General Quantitative Results**

This section consists of a collection of tests which are essential in every statistical study. The main aim of this section is to ensure the effectiveness of the survey used in the study, apply a validity and reliability test and summarise the general nature of the variables in this study. This section consists of six sub-sections. The response rate to the mail questionnaires is discussed in the first sub-section, the

second sub-section focuses on how the representativeness of the response was tested. The third sub-section discusses non-response bias. The early and late response bias is in the fourth sub-section. Validity and reliability test results are discussed in the fifth sub-section. The final sub-section deals with sample descriptive statistics.

### **6.3.1 The Response Rate**

Generally, before presenting and analysing data collected from a survey, some issues related to the response to the questionnaires should be covered. The response rate is one of them. The percentage of respondents in the sample who return completed questionnaires is the response rate. Researchers aim to increase this proportion and consider a high response rate their responsibility. Investigators have devised several strategies and techniques to encourage respondents to return completed questionnaires and so get a high response rate. Some of these strategies and techniques were discussed in the previous chapters. A response rate of 30% is considered satisfactory (Cooper & Emory, 1995), whereas some researchers consider a 30% or a 20% response rate quite good for a postal questionnaire (Bancroft & O'Sullivan, 1993).

In this study, a total of 600 questionnaires were mailed to the marketing managers of companies on the Saudi manufacturing sector. Table 6.2 shows the distributions of the respondents, and those excluded. A total of 249 questionnaires were returned. However, the researcher and supervisor excluded 16 questionnaires which were uncompleted or internal inconsistency. This brings the total usable to 233 completed questionnaires. The total of 233 represents a response rate of 38.83%. 159 responses were received in the first three weeks, which is equivalent to 26.5% of the total number of questionnaires. The follow up strategy, which is to send a reminder

postcard to respondents who have not replied (see Appendixes E & F), resulted in collecting a further 74 completed questionnaires.

**TABLE 6.2**  
**The Response Rate (Numbers and Percentages)**  
**(Samples = 600)**

	Returned Questionnaires			Total	Usable Questionnaires
	Early	Late	Excluded		
<b>Number</b>	159	74	16	249	233
<b>Percentage</b>	26.5%	12.3%	2.7%	41.5%	38.83%

### 6.3.2 Testing for Sample Representativeness

The 233 questionnaires received were checked for representativeness of the selected sample of 600 companies. The objective of this test was to ensure that the returned questionnaires did not display group bias towards any industrial field that made up the sample. Table 6.3 shows similarities in the composition of selected manufacturing sectors (600 companies) and the participating sample (233 companies). This shows that the percentage distribution of the industrial sectors was close to those included in the selected sample.

**TABLE 6.3**  
**Selected and Participating Companies by Manufacturing Sector**

Manufacturing Sector	Selected		Participated	
	N	%	N	%
Manufacture of food & beverages	96	16 %	33	14.2 %
Textile, wearing apparel and leather industries	26	4.3 %	11	4.7%
Manufacture of wood & wood products including furniture	26	4.3 %	12	5.1%
Manufacture of paper, printing & publishing	36	6 %	18	7.7%
Manufacture of chemicals & plastic products	124	20.6 %	58	24.9%
Manufacture of construction materials, chinaware, ceramic and glass	108	18 %	41	17.6%
Basic metal industries	18	3.1 %	6	2.6%
Manufacture of machinery and equipment	156	26 %	51	21.9%
Other manufacturing industries	10	1.7 %	3	1.3%
<b>Total</b>	<b>600</b>	<b>100%</b>	<b>233</b>	<b>100%</b>

The participating samples do not show any industry group bias. In order to confirm this conclusion, a chi-square test ( $\chi^2$ ) was conducted to statistically test the null hypothesis and analyse group differences on the sample characteristic of type of business activity. The null hypothesis could be that there is no statistically significant difference between the manufacturing sectors in the participating sample. Table 6.4 shows the statistical results of this test. The degree of freedom ( $df = N-1$ ) is used in determining the observed significance level (Nurosis, 1997). As there were nine groups in the manufacturing sector,  $df = 8$ . The computed chi square statistic for the sample was 9.773, and the p value was .281. Therefore, the test is non-significant and the null hypothesis could not be rejected.

**TABLE 6.4**  
**Test Statistics for Sample Representativeness Based on Data from**  
**233 Companies**

Statistical Measures	Results
Chi-Square	9.773
Df	8
Asymp. Sig.	.281

a. 0 cells (.0%) have expected frequencies less than 5.  
The minimum expected cell frequency is 9.0.

### 6.3.3 Testing for Non-Response Bias

Researchers conducting postal questionnaires expect a measure of non-response when surveying a human population. However, they aim to maximise the response rate and reduce the non-response rate to a minimum level. A number of causes could reduce a response rate: respondent unsuitability, incorrect address, respondents lack of interest, respondent lacks time or respondent on vacation during survey period. Although non-respondents are not in the analysis, they are still a cause

for concern because their response may be very different from those who responded. A similar situation in any research may lead to biased results and limit its ability to make generalisations about the entire population and raise the importance of knowing the opinion of non-respondents (Bancroft & O'Sullivan, 1993).

In this study, the researcher contacted most of those companies who did not respond to the questionnaire to ensure that the survey did not suffer from non-response bias. Only 36 companies co-operated for this purpose. The companies were contacted by the phone and asked seven questions which were randomly selected from the three main groups of the questions in the questionnaire. The first group of questions related to the applicability of a number of activities in the manufacturing companies (v25 and v28a). The second group of questions was concerned with the usefulness of marketing concepts for the company (v29 and v33). The last group of questions covered barriers in applying marketing know-how in Saudi manufacturing companies (v39, v46, and v52). The respondents' answers were entered into a computer and compared with the responses of the 233 respondents. SPSS was used to find out if there is any difference between the groups. The two independent-samples *t*-test was applied to test the null hypothesis that there is no difference between the two groups (respondents and non-respondents).

Table 6.5 shows that there are similarities between the two groups. These means, standard deviation, the *t* value, and the *p* value for both groups are shown in Table 6.5 as well. The *p* values for the tested seven variables were greater than 5% and indicated that the null hypothesis could not be rejected as there were no significant differences between the respondent and the non-respondent group.

**TABLE 6.5**  
**Test of Non-Response Bias between Respondents and Non-Respondents**

Variables	Qs.	Mean		Std. Deviation		t	Sig. (P value)
		Res. (N=233)	Non-R (N=36)	Res. (N=233)	Non-R (N=36)		
Applicability of Marketing Activities	Q 25	2.7124	2.5278	1.3060	1.4240	.780	0.436
	Q 28a	2.5923	2.4444	1.3233	1.3824	.620	0.536
Usefulness of Marketing Concept	Q 29	2.8155	2.8889	1.0236	.9495	-.404	0.686
	Q 33	3.0129	3.1111	1.1005	1.0359	-.502	0.616
Barriers to Applying Marketing know-how	Q 39	1.4206	1.4167	1.2608	1.2956	.017	0.986
	Q 46	1.5665	1.5000	1.3378	1.3416	.278	0.782
	Q 52	2.3691	2.333	1.4207	1.4541	.140	0.889

\*Qs = Questions \*Res. = respondents \* Non-R = Non-Respondents

#### 6.3.4 Testing for Early and Late Response Bias

As mentioned earlier, two follow-up letters were sent to encourage marketing managers to respond. The quality of the responses could decline with this practice. Respondents not responding during the first three weeks may indicate a likelihood of taking the study less seriously, thus making their answers less reliable, or open up the possibility that they gave the questionnaire to another person to answer in their stead. For this reason researchers prefer to examine bias by comparing the responses of those who replied early to those who returned the questionnaire after the follow-up letters (Fowelr, 1989).

For this study, the completed questionnaires were divided into two groups (early and late responses) based on the date of return postage and the date of the first follow-up letter. The end of the third week was used as the date upon which the completed questionnaires were divided. As mentioned in the previous section, a total of 159 questionnaires were received early and 74 were received late. The two independent-samples *t*-test in SPSS was applied to compare the two groups, and to test



the null hypothesis that there is no difference between early respondents (before follow-up) and late respondents (after follow-up). The same seven questions (25, 28a, 29, 33, 39, 46, and 52) which were used earlier in the non-response bias test were also used here. Table 6.6 shows the mean, the standard deviation, the *t* value, and the *p* value for both groups.

**TABLE 6.6**  
**Early and Late Response Bias Test**

Variables	Qs	Mean		Std. Deviation		t	Sig. (P value)
		Early (N=159)	Late (N=74)	Early (N=159)	Late (N=74)		
Applicability of Marketing Activities	Q 25	2.7170	2.7027	1.3271	1.2685	.078	0.938
	Q 28a	2.5975	2.5811	1.3413	1.2928	.088	0.930
Usefulness of Marketing Concept	Q 29	2.8113	2.8243	1.0199	1.0384	-.090	0.928
	Q 33	3.0126	3.0135	1.0907	1.1286	-.089	0.929
Barriers to Applying Marketing Know-How	Q 39	1.4277	1.4054	1.2602	1.2705	.125	0.900
	Q 46	1.5723	1.5541	1.3381	1.3461	.097	0.923
	Q 52	2.3899	2.3243	1.3958	1.4815	.328	0.744

The result of the test indicated that there was no difference between the two groups. Therefore, the null-hypothesis that there is no difference between early and late respondents could not be rejected, and the early and late response bias was not a major issue for this study.

### 6.3.5 Validity and Reliability Tests

In the previous chapter, validity and reliability were introduced, discussed, and explained in detail. Several measures were performed to ensure both the validity and reliability of the instrument. Both concepts have been considered with great care during the execution of this study. In respect of validity, even though the development of the instrument followed an extensive search of relevant literature, it was pilot tested in an attempt to refine it. Also, several measurements were used to ensure content validity. As was mentioned in the last chapter, the majority of the questions allowed space for respondents to write notes or make remarks of their own. In addition, the

use of personal interviews with 9 companies and the 20 questionnaires (in Arabic & English) completed by executives were used to reveal how they applied marketing activities and what barriers they faced in their company. According to George & Mallery (1999) validity is frequently determined by non-statistical means. In this section the researcher will deal only with the measurement of reliability and explain how it was tested for this research.

The reliability of a measure is determined by testing both consistency and stability. It also refers to the question of whether the instrument will produce the same results each time it is administered to the same person in the same setting. Moreover, instruments are generally considered reliable if they produce a similar result regardless of who administers them and regardless of which forms are used (George & Mallery, 1999). Reliability analysis accomplishes item analysis on an additive scale, calculating a number of commonly used measures of scale reliability coefficients such as Cronbach's alpha (Sekaran, 1992). In this study, Cronbach's alpha was used to test how well the items in the questionnaire are positively correlated to one another. Cronbach's alpha is read as a correlation coefficient of potential values between 0 (no internal consistency) and 1 (complete internal consistency) (George & Mallery, 1999). The closer alpha is to 1.00, the greater the internal consistency of item reliability. However, a value of no less than 0.70 is suggested to be an acceptable level of internal consistency (Bhuian, 1998; Nunnally, 1978). SPSS was used to run the test and the results of the reliability test of this study are summarised in Table 6.7. It shows an internal alpha reliability of 0.93 for the marketing activities with 14 items, 0.88 for marketing concepts with 7 items, 0.87 for the barriers with 17 items, and 0.88 for the total of all the 38 items. According to Nunnally, (1978) and others, these values indicate that the research's scale is quite reliable.

**TABLE 6.7**  
**The Reliability Analysis-Scale (Alpha)**

<b>Questions variables</b>	<b>Items</b>	<b>Cases</b>	<b>Alpha</b>
<b>Marketing Activities</b>	14	233	0.9292
<b>Marketing Concept</b>	7	233	0.8753
<b>Barriers</b>	17	233	0.8663
<b>Total</b>	<b>38</b>	<b>223</b>	<b>0.8822</b>

### 6.3.6 Sample Descriptive Statistics

The data for the study was obtained from a sample of 600 randomly selected marketing managers in manufacturing companies in the Saudi private sector. As the questionnaire asked for a number of manager characteristics and company characteristics, the sample descriptive statistics have been divided into two tables. Table 6.8 shows the descriptive statistics for the marketing manager characteristics, while the manufacturing company characteristics are in Table 6.9.

#### 6.3.6.1 Marketing Manager Characteristics

Table 6.8 shows a summary of marketing manager characteristics in the sampled Saudi manufacturing sector. As the table shows, frequencies, percentages, valid percentages, and cumulative percentages are presented. As can be seen, the median age category (26-45 years group) made up more than 84.0% of the total respondents. Only four (1.7%) of the respondents were over the age of fifty-five showing that the Saudi manufacturing sector employs young marketing managers with new ideas and skills. Work in the marketing field generally requires a higher level of activity and diverse abilities, which are characteristics of younger men.

**TABLE 6.8**  
**The Sample Descriptive Statistics for Marketing Manager**  
**Characteristics (N = 233)**

<b>Variable</b>		<b>Frequency</b>	<b>Percent %</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
<b>Age</b>	Less than 25 years	4	1.7	1.7	1.7
	26-35 years	71	30.5	30.5	32.2
	36-45 years	126	54.1	54.1	86.3
	46-55 years	28	12.0	12.0	98.3
	Over 55	4	1.7	1.7	100.0
	<b>Total</b>	233	100.0	100.0	
<b>Nationality</b>	Saudi	81	34.8	34.8	34.8
	Non-Saudi	152	65.2	65.2	100.0
	<b>Total</b>	233	100.0	100.0	
<b>Highest Qualification</b>	Less than Bachelors	18	7.7	7.7	7.7
	Bachelors	178	76.4	76.4	84.1
	Masters	33	14.1	14.1	98.2
	Ph.D.	2	0.9	0.9	99.1
	Other	2	0.9	0.9	100.0
	<b>Total</b>	233	100.0	100.0	
<b>Field of Study</b>	Business Admin.	84	36.1	36.1	36.1
	Public Manage.	19	8.2	8.2	44.3
	Industrial Manage.	18	7.7	7.7	52.0
	Engineering	59	25.3	25.3	77.3
	Other	53	22.7	22.7	100.0
	<b>Total</b>	233	100.0	100.0	
<b>Country of Higher Education</b>	Saudi Arabia	62	26.6	26.6	26.6
	United States	36	15.5	15.5	42.1
	Western European countries	22	9.4	9.4	51.5
	Other	113	48.5	48.5	100.0
	<b>Total</b>	233	100.0	100.0	
<b>Duration in Current Position</b>	Less than two years	37	15.9	15.9	15.9
	2-5 years	78	33.5	33.5	49.4
	6-10 years	61	26.2	26.2	75.6
	11-15 years	22	9.4	9.4	85.0
	More than 15 years	35	15.0	15.0	100.0
	<b>Total</b>	233	100.0	100.0	
<b>Duration in the Company</b>	Less than two years	26	11.2	11.2	11.2
	2-5 years	61	26.2	26.2	37.4
	6-10 years	63	27.0	27.0	64.4
	11-15 years	36	15.4	15.4	79.8
	More than 15 years	47	20.2	20.2	100.0
	<b>Total</b>	233	100.0	100.0	

**TABLE 6.8**  
**(Continued)**

Variable		Frequency	Percent %	Valid Percent	Cumulative Percent
<b>Practical Experience</b>	Marketing	83	35.6	35.6	35.6
	Production	52	22.3	22.3	57.9
	Finance	26	11.2	11.2	69.1
	Personal affairs	10	4.3	4.3	73.4
	Other	17	7.3	7.3	80.7
	None	45	19.3	19.3	100.0
	<b>Total</b>	233	100.0	100.0	
<b>Participation in Training</b>	Never	77	33.0	33.0	33.0
	One time	49	21.0	21.0	54.0
	2-5 times	74	31.8	31.8	85.8
	6 and more	33	14.2	14.2	100.0
	<b>Total</b>	233	100.0	100.0	
<b>Membership of any P.M.A.*</b>	Yes	12	5.2	5.2	5.2
	No	221	94.8	94.8	100.0
	<b>Total</b>	233	100.0	100.0	

\*Professional Marketing Association

One hundred and fifty two managers (65.2%) are non-Saudi and (34.8%) eighty-one managers are Saudi. It could be said that one third of marketing managers in manufacturing companies being Saudis means that they are becoming more educated and qualified. Alternatively this percentage is a basis for the government to encourage students to specialise in this field for future vacant positions.

The majority of respondents possessed first degrees (Bachelors degrees) which is equivalent to 76.4% of the respondents, 15.0 % having a masters degree or a Ph.D. More than half of the respondents (121 managers) had specialised in management while a quarter of them had specialised in engineering. Table 6.8 also shows that 36.1% had graduated in business administration, 8.2% in public sector management, and 7.7% in industrial management. Sixty-two (26.2%) respondents had completed their studies in Saudi Arabia, thirty-six (15.5%) in the United States, twenty-two (9.4%) in the Western European countries, the remaining had completed their studies in developing countries. These figures show that although manufacturing companies

attracted highly qualified people to marketing position (more than 90% with first degrees, a masters, or a Ph.D.), a major in marketing was absent (only 36% had specialised in business administration). Approximately a quarter of the respondents (fifty-eight managers) had graduated from developed countries and the remaining had graduated from developing countries.

Sixty-three (27%) of the total number of participating managers had been working between six and ten years, eighty-seven (37.4%) of managers had been working less than five years, and 35.6% had been working more than ten years. The analysis of respondents' practical experience showed that eighty-three (35.6%) respondents had marketing experience, seventeen persons (7.3%) had no experience while fifty-two (22.3%) had production experience. Out of 233 companies that responded to the questionnaire, 112 managers (52.8%) participated in marketing training programmes between one and five times, thirty-three (14.2%) participated more than six times, while 33% did not participate. This shows that although the majority of manufacturing companies did not consider marketing experience essential, training programmes (66%) made up for this. Finally, 221 (94.8%) respondents were not members of any professional marketing association with only twelve (5.2%) being members. This rate is undoubtedly low, but in the Saudi context, being a developing country, it is thought to be reasonable because the majority of professional marketing associations are active in developed countries.

### **6.3.6.2 Manufacturing Company Characteristics**

Table 6.9 shows a summary of industrial company characteristics in the Saudi manufacturing sector. Respondents to the postal questionnaire were widely spread, representing nine manufacturing sectors. The results show that the greatest proportion of managers in the sample were from the chemical & plastic products sector (24.9%),

and fifty-one respondents (21.9%) were from Machinery, Equipment & Fabricated Assembled Products. Construction Materials, Chinaware, Ceramics & Glass was represented by forty-one companies (17.6%), thirty three respondents were from the food & beverage industry sector (14.2%), and eighteen companies (7.7%) were from the paper, printing & publishing industry. Followed by the Wood & Wood product (5.1%) then the Textile, clothing apparel & leather industries with eleven respondents (4.7%). These are acceptable figures for these sectors. As Saudi Arabia is a petroleum producer, chemical and plastics companies are expected to make up a greater proportion of the manufacturing industries. Similarly, as Saudi Arabia is a developing country, a high proportion of industrial companies is active in construction materials, equipment, and fabricated assembled products.

Company ownership; one hundred and eighty-two companies (78.1%) were Saudi owned, and forty-five (19.3%) were joint ventures. Only six companies (2.6%) working in Saudi the manufacturing sector were wholly foreign. One fifth of respondents being joint ventures or foreign owned shows that foreign investment is very low in the Saudi manufacturing sector. One hundred and five (45.1%) of the sample were limited liability companies, and seventy-nine (33.9%) were sole proprietorships. Only twenty-six companies were partnerships, and twenty-three joint stock companies. The majority of companies being limited liability or sole proprietorship indicates that Saudi society has high capital availability but everybody would like to be a manager and their money is not invested in joint stock companies. In addition, this data could indicate that the Saudi government does not encourage joint stock companies as they made up the minority of respondents.

**TABLE 6.9**  
**The Sample Descriptive Statistics for Company Characteristics**  
**(N = 233)**

	Variable	Frequency	Percent	Valid Percent	Cumulative Percent
<b>Manuf. Sectors</b>	Food & Beverages	33	14.2	14.2	14.2
	Textile, wearing apparel & leather industries	11	4.7	4.7	18.9
	Wood & Wood product	12	5.1	5.1	24.0
	Paper, Printing & publishing	18	7.7	7.7	31.7
	Chemicals & plastic product	58	24.9	24.9	56.6
	Construction Materials, Chinaware, Ceramic & Glass	41	17.6	17.6	74.2
	Basic Metal Industrial	6	2.6	2.6	76.8
	Machinery, Equipment & fabricated assembling product	51	21.9	21.9	98.7
	Other	3	1.3	1.3	100.0
		<b>Total</b>	233	100.0	100.0
<b>Ownership</b>	Saudi 100 %	182	78.1	78.1	78.1
	Joint Venture	45	19.3	19.3	97.4
	Foreigner 100 %	6	2.6	2.6	100.0
		<b>Total</b>	233	100.0	100.0
<b>Legal form of Org.</b>	Sole Proprietorship	79	33.9	33.9	33.9
	Limited Liability	105	45.1	45.1	79.0
	Joint Stock Company.	23	9.9	9.9	88.9
	Partnership	26	11.1	11.1	100.0
		<b>Total</b>	233	100.0	100.0
<b>Type of Product</b>	Consumer Products	71	30.5	30.5	30.5
	Industrial Products	106	45.5	45.5	76.0
	Both	56	24.0	24.0	100.0
		<b>Total</b>	233	100.0	100.0
<b>Number of Products</b>	One Product	19	8.2	8.2	8.2
	2-4 Products	66	28.3	28.3	36.5
	5-9 Products	43	18.4	18.4	54.9
	10 and more	105	45.1	45.1	100.0
		<b>Total</b>	233	100.0	100.0
<b>Number of Employees</b>	Less than 20	19	8.2	8.2	8.2
	Between 20-50	46	19.7	19.7	27.9
	Between 51-100	48	20.6	20.6	48.5
	Between 101-500	89	38.2	38.2	86.7
	More than 500	31	13.3	13.3	100.0
		<b>Total</b>	233	100.0	100.0



**TABLE 6.9**  
**(Continued)**

	Variable	Frequency	Percent	Valid Percent	Cumulative Percent
<b>Total Investment in SR</b>	Less than 5 Million	53	22.7	22.7	22.7
	5-20 Million	81	34.8	34.8	57.5
	21-50 Million	44	18.9	18.9	76.4
	51-100 Million	16	6.9	6.9	83.3
	More than 100 Million	39	16.7	16.7	100.0
	<b>Total</b>		233	100.0	100.0
<b>Competition</b>	Not Competitive	4	1.7	1.7	1.7
	Limited Competition	10	4.3	4.3	6.0
	Competitive	49	21.0	21.0	27.0
	Highly Competitive	99	42.5	42.5	69.5
	Very highly Competitive	71	30.5	30.5	100.0
	<b>Total</b>		233	100.0	100.0
<b>Marketing Department</b>	Yes	149	63.9	63.9	63.9
	No	84	36.1	36.1	100.0
	<b>Total</b>		233	100.0	100.0
<b>Marketing Department Participation in decision-making</b>	00.0 (no M. D.)	84	36.1	36.1	36.1
	Weak participation	7	3.0	3.0	39.1
	Satisfied participation	45	19.3	19.3	58.4
	High participation	97	41.6	41.6	100.0
	<b>Total</b>		233	100.0	100.0
<b>In which department is marketing</b>	00.0 (there is M.D.)	149	63.9	63.9	63.9
	Sales	52	22.3	22.3	86.3
	Top Management	23	9.9	9.9	96.1
	Production	6	2.6	2.6	98.7
	Finance	3	1.3	1.3	100.0
	<b>Total</b>		233	100.0	100.0

Regarding type and number of products, one hundred and six (45.5%) respondents were industrial product manufactures and approximately the same percentage of companies produced more than ten products and seventy-one companies (30.5%) produced consumer products. Sixty-six companies produced between two and four products and forty-three (18.4%) produced five to nine products. Only nineteen (8.2%) companies produced one product, indicating that the majority either imitates other products or the Saudi market is very active.

There are two variables that show the size of a company, the number of employees and the total capital investment. The results showed that medium sized companies were the most widely represented in the sample in both variables (58.8% between 51-500 employees) and (60.6% between 5-100 million SR). 27.9% of the respondents were less than 50 employees, 22.7% had capital investment of less than 5 million SR, while 13.3% were large companies with more than 5000 employees and 16.7% had a capital more than capital of 100 million SR.

Around three-quarters of the respondents (one hundred and seventy companies) had at least a highly competitive market, fifty-nine (25.3%) had at least limited competition. Only four companies (1.7%) did not have any competition. These figures indicate that the Saudi market is very active with supply exceeding demand, making the Saudi market a buyer's market (Al-Hammad, 1988; Bahuian, 1997).

Out of the total number of respondents, one hundred and forty nine companies (63.9%) had a marketing department with the participation of the marketing manager influencing decision-making. Seventy-nine managers participated in decision-making to a high degree, forty-five were satisfied with their participation, and only eight managers minimally participate in decision-making. Of the remaining sixty-eight (36.9%) respondents without marketing departments, fifty-two companies (22.3%) placed marketing responsibility with their sales departments, twenty-three with top management, and six companies (2.6%) with the production department.

## **6.4 Testing for Research Questions**

This section presents the results of research questions in order to reach the most appropriate research objectives. Four questions and other hypotheses, as mentioned in the previous chapter were derived from and based on a review of the

literature. This section will focus on the results of the statistical testing of these questions. By using an SPSS programme, several types of statistical tests were carried out. These four questions and their statistical tests will be discussed in the following sub-sections.

#### **6.4.1 Question One:**

**Do the majority of manufacturing companies in the Saudi manufacturing sector apply marketing activities on a regular basis?**

The first research question relates to marketing activities in the Saudi manufacturing sector. The aim of this question is to make known from marketing managers in the Saudi manufacturing sector if they are applying many of marketing activities on a regular basis or not. This question was tested using descriptive statistics (mean and standard deviation). Fourteen variables were tested and analysed for this question. The objective of these variables was to define the extent to which manufacturing companies performed a number of activities generally classified under the functional area of marketing. These variables are: objective setting (v23), marketing planning (v24), co-ordination and integration (v25), motivation (v26), evaluating and controlling the profit of products (v27a), evaluating and controlling the profit of markets (v27b), evaluating and controlling the profit of distribution channels (v27c), evaluating and controlling the profit of different locations outlets (v27d), analysis of marketing cost (27e), undertaking marketing research of consumers and customers (28a), competitions (28b), distribution channels (28c), company profits (28d), total company sales (28e).

Table 6.10 shows the results of the test. As can be seen, the mean for all variables was more than (2.0). [3 and 4 stand for as usual and always in performance

per year, whereas 0,1,2 stand for less frequent performance]. This table indicates that all of these activities were applied by manufacturing companies as a minimum more than sometimes (2.0 frequency). Table 6.10 also shows the maximum and minimum mean of the variables.

**TABLE 6.10**  
**Descriptive Mean and Standard Deviation of Variables Relating to Application of Marketing Activities**

Question	Application Level %					Mean	Std. Deviation
	0	1	2	3	4		
Q23	8.2	10.3	11.2	19.7	50.6	2.9442	1.3298
Q24	8.6	19.3	12.4	24.9	34.8	2.5794	1.3595
Q25	9.9	9.4	15.9	29.2	35.6	2.7124	1.3060
Q26	8.2	10.3	18.0	28.3	35.2	2.7210	1.2677
Q27a	6.0	7.7	8.6	20.2	57.5	3.1545	1.2220
Q27b	10.7	9.0	16.3	23.2	40.8	2.7425	1.3559
Q27c	12.0	10.3	15.9	24.0	37.8	2.6624	1.3847
Q27d	13.3	9.4	17.2	20.2	39.9	2.6395	1.4229
Q27e	5.6	11.2	13.3	18.9	51.1	2.9871	1.2645
Q28a	8.6	16.3	15.5	26.6	33	2.5923	1.3233
Q28b	8.6	16.3	9.9	27.0	38.2	2.6996	1.3502
Q28c	12.0	14.6	8.2	30.5	34.8	2.6137	1.3977
Q28d	5.6	10.3	10.7	18.0	55.4	3.0730	1.2556
Q28e	4.7	7.3	8.2	15.9	63.9	3.2704	1.1707

0 = Never. 1 = Seldom. 2 = Sometimes. 3 = Usual. 4 = Always.

As can be seen, marketing research of company total sales (v28e), analysis of products profits (v27a), and marketing research of company profits (v28d) gave the maximum mean among variables (3.2704, 3.1545, and 3.0730) respectively. On the other hand, the minimum means for the variables were marketing planning (v24) and marketing research of consumers and customers (v28a) which were 2.5794 and 2.5923 respectively.

In order to verify this conclusion and to get the best result regarding the above question, the one sample *t*-test was conducted to test the total mean of applicable marketing activity variables. The main objective of this procedure is to test the null hypothesis that the majority of manufacturing companies do not apply marketing

activities on a regular basis. The results were presented in ranking orders in Table 6.11. As can be seen, the mean was 2.6255 and its standard deviation 0.8869. The *t* statistic was 10.765 and the observed level *p* value was 0.001. Based on the observed significance level of the *t*-test, the null hypothesis was rejected and we can conclude that the majority of manufacturing companies in the Saudi manufacturing sector apply marketing activities on a regular basis. More details on this will be given in the first and third hypothesis tests.

**TABLE 6.11**  
**The one Sample *t*-test for Applicability of Marketing Activities in Saudi Manufacturing Companies (N = 233)**

Variables	Mean	Std. Deviation	Test value =2		
			t	df	Sig. (2-tailed)
Total of Applicable Marketing Activities (q23 to q28e)*	2.6255	0.8869	10.765	232	.000

\*Fourteen variables of Applicable Marketing Activities.

#### 6.4.2 Question Two:

**Do marketing managers in most manufacturing companies in the Saudi private sector perceive that marketing concepts are useful to them?**

The second research question relates to marketing concepts that are devised by researchers as tools or ideas for marketing activities. The aim of this question is to reveal the attitude of marketing managers toward modern marketing concepts. What do marketing managers in Saudi manufacturing companies think of the importance of the availability and usefulness of these concepts in their work? Seven variables (concepts) were tested and analysed for this question. These variables are: a market oriented philosophy (v29), product positioning (v30), market segmentation (v31), optimisation of the marketing mix (v32), product differentiation (v33), the building of

brand loyalty (v34), and test marketing (v35). This question was tested using descriptive statistics (mean and standard deviation).

Table 6.12 shows the results of the test. As can be seen, the mean for all variables was more than 2.0 and this indicates that all of these concepts were thought of as useful in manufacturing companies. Only 8.8% of respondents did not believe that marketing concepts were useful to them. Table 6.12 also shows the maximum and minimum mean of the variables. As can be seen, product differentiation (v33) and product positioning (v30) showed the maximum mean among the variables (3.0129, and 3.00) while their standard deviation was 1.1005 and 1.0043 respectively. On the other hand, the minimum mean of the variables were market segmentation (v31) and test marketing (v35) (means 2.1631 and 2.2403) while standard deviation was 1.4139 and 1.3591 respectively.

**TABLE 6.12**  
**Descriptive Mean and Standard Deviation of Variables relating to the Usefulness of Marketing Concepts**

Question	Useful Level %					Mean	Std. Deviation
	0	1	2	3	4		
<b>Q29</b>	2.6	7.7	24.5	36.1	29.1	2.8155	1.0236
<b>Q30</b>	2.6	5.6	18.0	36.9	36.9	3.0000	1.0043
<b>Q31</b>	18.9	15.0	18.0	27.0	21.0	2.1631	1.4139
<b>Q32</b>	9.9	12.9	18.9	30.5	27.9	2.5365	1.2898
<b>Q33</b>	4.3	6.0	15.9	31.8	42.1	3.0129	1.1005
<b>Q34</b>	7.3	6.4	19.3	27.5	39.5	2.8541	1.2195
<b>Q35</b>	17.2	12.0	19.7	31.8	19.3	2.2403	1.3591

0 = Not at all. 1 = Slightly. 2 = Sometimes. 3 = Quite. 4 = Extremely.

In order to generally examine the total of these seven variables (marketing concepts) in Saudi manufacturing companies, the one sample *t*-test was used to test the null hypothesis that marketing managers do not perceive that marketing concepts are useful to them. The results are presented in Table 6.13. As can be seen, the mean is 2.6603 and its standard deviation 0.9159. The *t* statistic is 10.765 and the observed

level  $p$  value is 0.00. Based on the observed significance level of the  $t$ -test, we can reject the null hypothesis and conclude that the majority of marketing managers in the Saudi manufacturing sector believe that marketing concepts are useful to them. More detail on this will be given in the second and fourth hypothesis tests.

**TABLE 6.13**  
**The one Sample  $t$ -test for Usefulness of Marketing Concepts in Saudi Manufacturing Companies (N = 233)**

Variables	Mean	Std. Deviation	Test value =2		
			t	df	Sig. (2-tailed)
Total of Usefulness of Marketing Concepts (q29 to q35)*	2.6603	.9159	11.005	232	0.00

\*Seven variables for Usefulness of Marketing Concepts.

#### 6.4.3 Question Three:

**Are there significant differences in sales, profits, or market share for manufacturing companies in the Saudi private sector when they apply marketing know-how?**

Although the first and second questions are very important questions for this research, they are also primary steps in arriving at the third question and for formulating the research. After it was known that the majority of manufacturing companies in the Saudi private sector were applying marketing activities on a regular basis, The main objective of this question was to ascertain to what extent. Is there a relationship between the application of marketing know-how and company success in the Saudi manufacturing sector? The research focused on sales, profit, and market share as variable measures of success. Variable 22a is sales, 22b profits, and 22c market share.

In order to test this question, the one-sample  $t$ -test was applied to test the null hypothesis that there is no statistically significant difference in sales, profit, or market

share in the Saudi manufacturing sector when marketing know-how is applied. Table 6.14 shows the results of testing the three variables. As can be seen from Table 6.14, the mean for v22a (sales) is 2.5408, the standard deviation is 0.7248, the *t*-test statistic is 11.389, and the *p* value is significant (0.001). The mean for v22b (profit) is 2.2833, the standard deviation is 0.7914, the *t*-test statistic is 5.463, and the 2-tailed *p* value is 0.00. The mean for v22c (market share) is 2.4378, the standard deviation is 0.7051, the *t*-test statistic is 9.477, and the *p* value is significant at (0.00). As we have significant results for these variables (sales, profit, and market share), we can reject the null hypothesis and conclude that there is a significant difference between the success of companies who apply marketing know-how and companies that do not, in the Saudi private sector. More detail on these significant differences will be given in the fifth hypothesis results.

**TABLE 6.14**  
**The one Sample *t*-Test for Success Sales, Profits, and Market Share**  
**Success for Manufacturing Companies in Saudi Private Sector when**  
**Marketing Activities are Applied. (N = 233)**

Variables	Mean	Std. Deviation	Test value =2		
			t	df	Sig. (2-tailed)
The Sales	2.5408	.7248	11.389	232	.001*
The Profits	2.2833	.7914	5.463	232	.001*
The Market Share	2.4378	.7051	9.477	232	.001*

#### 6.4.4 Question Four:

**Will Saudi environmental factors be obstacles to the employment of marketing know-how in Saudi manufacturing sector, as marketing managers perceive?**

The last question for this research relates to the environmental factors and its impact on the application of marketing activities by Saudi manufacturing companies. The aim of this question is to reveal respondents' opinions on the Saudi environment.



Do marketing managers believe that the Saudi environment will support the manufacturing sector in using marketing activities or not? Based on a literature review and pilot study, the researcher selected seventeen variables for this question and categorised them into two groups. Eight variables (from v36 to v43) covered the external environment and nine variables (from v44 to v52) covered the internal environment. The external variables were stable economic environment, government situation, the stagnancy of governmental measures on commercial activities, culture and tradition, prevalent religious values, lack of formal marketing education, lack of professional marketing personnel, and competition in the market. The internal variables were stagnant company policies, resistance to new concepts, low managerial encouragement, lack of participation in decision-making, a focus on production more than marketing, company's objective being a short-term profit strategy, limited training programmes in marketing, lack of advanced technology in the company, and shortage of marketing information. For other variables, the researcher left space in the questionnaire if respondents needed it.

Table 6.15 shows the results of the test. As can be seen, the mean for the majority of variables was less than 2.0 because only six variables were greater than 2.00 and the others were less than 2.0. These six variables were v41 lack of formal marketing education, v42 absence of professional marketing personnel, and v43 competition in the market, v49 company objective being a short-term profit strategy, v50 limited training programmes in marketing, and v52 shortage of marketing information. The results indicate that greater validity could be achieved and responses would provide the research with valuable information. For example: regarding the lack of formal marketing education (v41) and absence of professional marketing personnel (v42), it was mentioned in chapter four that there were only three marketing

departments in all Saudi universities, and only 36.1% of respondents had studied business administration. Competition in the market (v43) also showed a similar descriptive statistic result.

**TABLE 6.15**  
**Descriptive Mean and Std. Deviation of Each Barrier Variable to the Application of Marketing Know-how in Saudi Manufacturing Companies**

Question	Barrier Level %					Mean	Std. Deviation
	0	1	2	3	4		
Q36	16.7	15.9	31.3	25.3	10.7	1.9742	1.2315
Q37	28.3	18.9	26.6	16.3	9.9	1.6052	1.3158
Q38	21.5	18.0	20.2	25.3	15.0	1.9442	1.3776
Q39	29.2	28.8	21.5	12.0	8.6	1.4206	1.2608
Q40	51.1	18.9	15.5	8.2	6.4	1.000	1.2560
Q41	19.5	12.0	28.3	25.8	18.0	2.1803	1.3072
Q42	9.0	13.3	21.0	32.6	24.0	2.4936	1.2426
Q43	5.2	9.9	15.5	34.8	34.8	2.8412	1.1580
Q44	21.0	21.0	24.5	20.6	12.9	1.8326	1.3236
Q45	28.8	26.6	15.0	16.7	12.9	1.5837	1.3906
Q46	28.3	24.5	20.2	16.3	10.7	1.5665	1.3378
Q47	28.8	17.6	22.3	18.5	12.9	1.6910	1.3923
Q48	19.3	18.0	25.3	23.6	13.7	1.9442	1.3201
Q49	14.6	24.9	21.9	22.3	16.3	2.0086	1.3097
Q50	13.7	16.7	23.2	24.9	21.5	2.2361	1.3326
Q51	18.5	27.9	24.9	12.9	15.9	1.7983	1.3221
Q52	16.3	10.7	21.9	21.9	29.2	2.3691	1.4207

0 = Not at all. 1 = Slightly. 2 = Medium. 3 = Sometimes. 4 = Strongly.

This table also shows some surprising results. The lowest variable mean was (v40) prevalent religious values. As outlined in chapter four, some religious scholars in Saudi Arabia believe that religion is not compatible with some marketing activities. However, one hundred and nineteen (51.1%) respondents thought that religion did not obstruct applying marketing activities at all while only fifteen (6.4%) thought strongly that it did. These values indicate that Saudi society and those who live in it can accept modern concepts and modify them to their religion and live with it, and only very few religionists reject change without evaluation.

In order to examine the sum of external and internal variables, the one-sample *t*-test was used to test the null hypothesis that the Saudi environmental condition acts as a barrier against the employment of marketing know-how in Saudi manufacturing companies. Table 6.16 presents the results of the test. The total mean is 1.9037, while the standard deviation is 0.7340. The observed *p* value level is 0.047. Based on the observed significance level of the *t*-test, we can reject the null hypothesis and generally conclude that Saudi environmental conditions are not barriers to the employment of marketing know-how in Saudi manufacturing companies. More detail on the impact of the Saudi market environment can be found in the results of the sixth hypothesis.

**TABLE 6.16**  
**The one Sample *t*-Test for Total of Barriers in Applicable Marketing Know-How in the Saudi Manufacturing Sector**  
**(N=233)**

Variables	Mean	Std. Deviation	Test value =2		
			t	df	Sig. (2-tailed)
Total of Barriers in Applying Marketing Know-how (q36-q52)	1.9037	.7340	-1.999	232	.047

## 6.5 Hypothesis Testing

This section addresses the results of the statistical testing of six hypotheses. These hypotheses are, as mentioned in the previous chapter, based on a literature review to identify and collect more detailed information for the research objectives. These hypotheses complement after questions and lead to further results for this research. By using an SPSS programme, several types of statistical tests were carried out to analyse the data and to test the significance levels of these hypotheses.

### 6.5.1 Hypothesis One

**There is no significant difference between the respondents' characteristics and the application of marketing activities in the Saudi manufacturing sector.**

In order to test this hypothesis, as mentioned in question one, fourteen variables (v23 – v28e) were tested and analysed. The one-way analysis of variance test (ANOVA) and the Kruskal-Wallis tests were conducted to ascertain if there were statistically significant differences between the responses of the study sample in relation to manager characteristic variables. In this study, there are ten manager characteristics: age, nationality, highest qualification, field of study, country of higher education, duration in current position, duration in company, experience, participation in training, and membership of marketing associations as independent factors.

Table 6.17 shows the results of the one-way ANOVA and the Kruskal-Wallis tests for each variable. Both tests were carried out at 5 percent significance level. As can be seen from Table 6.17, there were no significant differences between most groups in response to most variables related to the application of marketing activities in the Saudi manufacturing sector (significant *p* values shown in bold). Participation in marketing training programmes was the only one that impacted on all marketing activity variables. Three characteristics did not influence any of the variables. The three characteristics were age, country of higher education, and duration in current position. Ten of the variables were significant in highest qualification, eight variables were significant in experience, while only four variables were significant in field of study. Three of the characteristics (nationality, duration in company and membership of marketing association) showed three variables display differences between the one-way ANOVA and the Kruskal-Wallis tests.

**TABLE 6.17**  
**One-Way ANOVA and the Kruskal-Wallis Tests for the Impact of**  
**the Respondent Characteristics on Application of Marketing**  
**Activities in Saudi Manufacturing Companies**

Variables	Age		Nationality		Highest qualification		Field of study		Country of higher education	
	A	KW	A	KW	A	KW	A	KW	A	KW
V23	.055	.089	.798	.799	.000	.001	.066	.144	.346	.319
V24	.301	.500	.415	.335	.002	.004	.149	.085	.128	.093
V25	.072	.334	.941	.903	.001	.002	.041	.030	.487	.584
V26	.795	.826	.251	.356	.185	.092	.038	.031	.272	.279
V27a	.909	.953	.128	.146	.004	.015	.056	.061	.555	.631
V27b	.134	.306	.410	.617	.010	.027	.062	.073	.889	.841
V27c	.071	.087	.170	.109	.280	.320	.389	.389	.366	.241
V27d	.093	.738	.452	.379	.026	.040	.088	.094	.934	.819
V27e	.975	.951	.331	.368	.030	.071	.077	.071	.981	.946
V28a	.190	.200	.077	.042	.005	.013	.258	.426	.643	.485
V28b	.391	.420	.249	.216	.000	.001	.065	.110	.420	.252
V28c	.370	.525	.537	.459	.001	.001	.043	.059	.552	.559
V28d	.313	.246	.450	.424	.149	.083	.083	.050	.843	.834
V28e	.825	.771	.824	.932	.303	.203	.047	.030	.692	.742

A= one-way ANOVA Test & KW =Kruskal-Wallis Test

**TABLE 6.17**  
**(Continued)**

Variables	Duration in Current Position		Duration in Company		Practical Experience		Participation in the Training		Membership of any P.M.A.	
	A	KW	A	KW	A	KW	A	KW	A	KW
V23	.126	.144	.127	.150	.007	.003	.000	.000	.087	.035
V24	.653	.558	.749	.677	.001	.001	.000	.000	.079	.045
V25	.180	.237	.162	.241	.001	.001	.000	.000	.435	.459
V26	.841	.588	.293	.160	.187	.193	.035	.022	.278	.377
V27a	.583	.609	.713	.638	.005	.006	.000	.001	.504	.994
V27b	.387	.636	.722	.891	.001	.002	.001	.001	.267	.277
V27c	.762	.932	.958	.978	.402	.294	.022	.020	.080	.063
V27d	.183	.309	.528	.786	.027	.032	.011	.018	.083	.075
V27e	.768	.793	.319	.292	.059	.036	.000	.001	.461	.466
V28a	.759	.834	.499	.547	.020	.015	.000	.000	.673	.713
V28b	.992	.983	.483	.541	.085	.057	.000	.000	.313	.396
V28c	.226	.198	.145	.174	.335	.213	.000	.001	.327	.346
V28d	.688	.695	.258	.092	.690	.737	.000	.004	.617	.925
V28e	.763	.517	.078	.027	.756	.718	.004	.010	.849	.857

A= one-way ANOVA Test & KW =Kruskal-Wallis Test.

The differences were not remarkable because it was carried out at less than 10 percent level of significance (Alnajjar, 2000; El Haddad, 1991). The researcher elected to rely on the ANOVA test in these results for the reasons mentioned in the second section of this chapter. The results showed that v23, v24, v25, and v27a were the variables that impacted most on manager characteristics. Of all variables only four of them showed significance. On the other hand, v27c and v28d were the variable that impact least on manager characteristics with only participation in training marketing programmes showing significance. In total, a Table 6.17 show thirty-six significant values out of one hundred and forty products (of ten characteristics and fourteen variables) that is to say 25.7%. Based on the observed significance level of the ANOVA test, we cannot reject the null hypothesis that there is no significant difference between the majority of respondent characteristics in the application of marketing activities in the Saudi manufacturing sector.

In order to identify important results related to this hypothesis, the researcher chose a number of characteristics to investigate the relationship between them and the application of marketing activities in the Saudi manufacturing sector. Six characteristics were chosen and defined as a sub-hypothesis for this section. The following sub-sections present the statistical results of testing these variables.

#### **6.5.1.1 Nationality of Managers and Application of Marketing Activities**

In order to understand the relationship between the application of marketing activities and the nationality of managers, the two independent sample *t*-test was used. The main objective of using this procedure is to test the null hypothesis that there is no difference between Saudi and non-Saudi managers in applying marketing activities in performing their jobs. In order to conduct the test, manager's nationality (v2) was

divided into two groups. The first group had eighty-one Saudi managers and the second group contained one hundred and fifty-two non-Saudi managers. The test was carried out at a 5 percent significance level. Table 6.18 shows the results of the two independent sample *t*-test. As can be seen, the mean for Saudi managers is 2.6165 while the mean of non-Saudi managers is 2.6303. The standard deviation for the Saudi managers group is .9278, while the standard deviation for the non-Saudi managers group is .8674.

**TABLE 6.18**  
**The Two Independent-Samples *t*-Test Results**  
**For Saudis and Non-Saudis in the application of Marketing Activities**

Manager's Nationality	N	Mean	Std. Deviation	SE. Mean	t-test for Equality of Means		
					t	df	Sig. (2-tailed)
Saudi	81	2.6165	0.9278	0.1031	-0.113	231	0.910
Non-Saudi	152	2.6303	0.8674	0.07035			

Table 6.18 shows that *p* value is 0.91, and this *p* value exceeds 5% which was the test significance level. Since we have a non-significant result, we cannot reject the null hypothesis that there is no significant difference between Saudi and non-Saudi managers in the application of marketing activities in manufacturing companies in the Saudi private sector. This result was not consistent with some of those studied in the literature (Tuncalp, 1988; Yavas & Tuncalp, 1984). More discussion will be in chapter seven.

### **6.5.1.2 Manager's Qualification and Application of Marketing Activities**

The ANOVA test and the Post Hoc test (Tukey) were used here in order to see if a relationship exists between the use of marketing activities and marketing manager level of education. In other words, the objective of using this procedure is to test the null hypothesis that there are no significant differences between the level of

respondents, education and the application of marketing activities in the Saudi manufacturing sector. In order to conduct the test, the qualification of marketing managers (v3) was divided into three groups. The first group had eighteen managers with lower than a first degree (Bachelors degree), the second group had one hundred and seventy-eight managers with a first degree and thirty-seven managers with higher than first degree (Post-graduate: two Diplomas, thirty three Masters, and two with a Ph.D.).

**TABLE 6.19**  
**One-way Descriptive Mean and Std. Deviation for the Application of Marketing Activities and the Marketing Manager Qualification**

Level of Qualification	N	Mean	Std. Deviation	Std. Error Mean
Less than Bachelors	18	1.7852	1.0005	.2358
Bachelors	178	2.6408	0.8495	6.368E-02
More than Bachelors	37	2.9604	0.7604	.1250
Total	233	2.6255	0.8869	5.810E-02

As can be seen for Table 6.19, the highest mean was for managers with more than a first degree, the lowest mean was for managers with no degree, with reversed standard deviation. The mean for managers without a Bachelors degree was 1.7852 with a standard deviation of 1.0005, with a mean for managers with more than a Bachelors degree of 2.9604 with a standard deviation of 0.7604. The mean for managers with a Bachelors degree was 2.6408, with a standard deviation of .8495.

Table 6.20 shows the results of the ANOVA test. As can be seen, the *P* value is 0.00. As the *P* value is significant (lower than 5%), we can reject the null hypothesis that there is no significant difference between the level of qualification of marketing managers and application of marketing activities in the Saudi manufacturing sector. In other words, the level of the qualification impacts on the application of marketing activities in the Saudi manufacturing sector.



**TABLE 6.20**  
**The ANOVA Test for Qualifications and the Application of Marketing Activities**

	Sum of Squares	Df	Mean Squares	F	Sig.
Between Groups	16.901	2	8.450	11.739	.000
Within Groups	1650575	230	0.720		
Total	182.476	232			

\* Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

Table 6.21 shows the results of the Post Hoc test (Tukey) for the same variables. As can be seen, there is a difference between marketing managers with degrees and those without, the mean difference being 0.8556 and *P* value of 0.00. There is also a difference between marketing managers with more than one degree and those without a degree, the mean difference being 1.1752 with a *P* value of 0.00. However, there is no relationship between marketing managers with more than one degree and those with one degree only, the mean difference being 0.3195 and *P* value of 0.093.

**TABLE 6.21**  
**Post Hoc Test (Tukey) Multiple Comparisons of Qualifications and the Application of Marketing Activities**

Dependent Variable	(I) High Qualification	(J) High Qualification	Mean Difference (I-J)	Std. Error	Sig.
Mean Sum Total of Application of Marketing know-how	Less than Bachelors	Bachelors	-0.8556*	.2099	0.00
		More than Bachelors	-1.1752*	.2438	0.00
	Bachelors	Less than Bachelors	0.8556*	.2099	0.00
		More than Bachelors	-0.3195	.1533	0.093
	More than Bachelors	Less than Bachelors.	1.1752*	.2438	0.00
		Bachelors	0.3195	.1533	0.093

\*The mean difference is significant at the .05 level.

As the mean for managers with more than one degree was the highest (as observed in Table 6.19) and the mean for managers with only one degree was higher than that of managers without a degree, we can conclude that where marketing

managers have a higher degree, marketing activities will be more likely to be applied by a company. In other words, higher qualification impacts marketing managers embracing modern marketing activities and applying it in their work. This result was consistent with some of those studied in the literature (Bhuiyan, 1998; Deng, 1994; Hammad, 1991; Marinov et al., 1993; Yavas & Cavusgil, 1989; Yavas & Rountree, 1980). The discussion for this result will be in chapter seven.

### 6.5.1.3 Field of Study and Application of Marketing Activities

In order to understand the relationship between applying marketing activities and the field of study of marketing managers, the ANOVA test and Post Hoc test (Tukey) were used. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between the field of study of marketing managers and applying marketing activities in the Saudi manufacturing sector. As can be seen from Table 6.22, the field of study for marketing managers was divided into five groups. The first group specialised in business administration and had eighty-four managers. The second group of nineteen managers specialised in public management. The third group of eighteen managers majored in industrial management. Fifty-nine managers were engineering majors, while the remaining fifty-three other specialist managers were in one group. Table 6.22 also shows the mean and standard deviation for these groups.

**TABLE 6.22**  
**One-way Descriptive Mean and Std. Deviation for Field of Study and Application of Marketing Activities**

	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Business Administration	84	2.7175	.8238
Public Management	19	3.1404	.5163
Industrial Management	18	2.4778	.9697
Engineering	59	2.6328	.8991
Other	53	2.3371	.9600
Total	233	2.6255	.8869

As can be seen, the means for business administration and public management were the highest (2.7175 and 3.1404 respectively), and the means for industrial managers and other majors were the lowest (2.4778 and 2.3371 respectively). Standard deviations were; business administration 0.8238, public management 0.5163, industrial management 0.9697, engineering 0.8991, and other specialisations 0.8869. Table 6.23 shows the results of the ANOVA test which defines the relationship between applying marketing activities and the field of study of marketing managers. As can be seen, the *P* value is 0.009. As the *P* value is significant (lower than 5%), we can reject the null hypothesis that there is no significant difference between field of study of marketing managers and applying marketing activities in the Saudi manufacturing sector. In other words, the choice of major impacts on the application of marketing activities. In order to understand the relationship between these majors, the Post Hoc test (Tukey) was employed.

**TABLE 6.23**  
**The ANOVA Test for Field of Study and Application of Marketing Activities**

	Sum of Squares	DF	Mean Squares	F	Sig.
Between Groups	10.551	4	2.638	3.498	0.009
Within Groups	171.925	228	0.754		
Total	182.476	232			

\* Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

Table 6.24 shows the results of the Post Hoc test (Tukey) for these variables. As can be seen, there are only two significant differences. There is a significant difference between business administration and other majors, the mean difference being 0.3804 with *P* value 0.019. There is a significant difference between public management and other majors, the mean difference being 0.8032 with *P* value 0.005. The mean for managers who specialised in business administration or public management were higher than the mean for managers who specialised in other majors

(as observed in Table 6.22). We can conclude that where marketing managers specialised in business administration or public management, marketing activities were more likely to be applied by the company. In other words, marketing managers that had studied management were more likely to adopt marketing activities and apply them in their work. This result was consistent with what has been found and discussed in the literature (Bennett, 1998; Bhuian, 1998; Marinov et al., 1993; Okoroafo, 1996; Yavas & Cavusgil, 1989; Yavas & Rountree, 1980). More detail will be in chapter seven.

**TABLE 6.24**  
**Post Hoc Test (Tukey) Multiple Comparisons for Field of Study and Application of Marketing Activities**

<b>Dependent Variable</b>	<b>(I) Field of Study</b>	<b>(J) Field of Study</b>	<b>Mean Difference (I-J)</b>	<b>Std. Error</b>	<b>Sig.</b>
<b>Mean Total Sum of Application of Marketing Activities</b>	Business Administration	Public Management	-0.4229	0.2206	0.308
		Industrial Management	0.2397	0.2255	0.826
		Engineering	0.08469	0.1475	0.979
		Other	0.3804*	0.1523	0.019
	Public Management	Business Administration	0.4229	0.2206	0.308
		Industrial Management	0.6626	0.2866	0.139
		Engineering	0.5076	0.2291	0.174
		Other	0.8032*	0.2322	0.005
	Industrial Management	Business Administration	-0.2397	0.2255	0.826
		Public Management	-0.6626	0.2856	0.139
		Engineering	-0.1550	0.2338	0.964
		Other	0.1407	0.2369	0.976
	Engineering	Business Administration	-0.084692	0.1475	0.979
		Public Management	-0.5076	0.2291	0.174
		Industrial Management	0.1550	0.2338	0.964
		Other	0.2957	0.1643	0.374
	Other	Business Administration	-0.3804*	0.1523	0.019
		Public Management	-0.8032*	0.2322	0.005
		Industrial Management	-0.1407	0.2369	0.976
		Engineering	-0.2957	0.1643	0.374

\*The mean difference is significant at the .05 level

#### 6.5.1.4 Country of Graduation and Application of Marketing Activities

The relationship between applying marketing activities in the Saudi manufacturing sector and the country where marketing managers received their higher degrees was analysed by the ANOVA test. The test was carried out at the 5 percent significance level. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between the highest qualification degree obtained in Saudi Arabia, the United States, the Western European countries or others and the application of marketing activities in the Saudi manufacturing sector. Table 6.25 shows the results of the ANOVA test. As can be seen, the *P* value is 0.634.

**TABLE 6.25**  
**The ANOVA Test for Country of Graduation and Application of Marketing Activities**

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Squares</b>	<b>F</b>	<b>Sig.</b>
Between Groups	1.356	3	0.452	0.571	0.634
Within Groups	181.120	229	0.791		
Total	182.476	232			

- Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

As the *P* value is not significant (higher than 5%), we cannot reject the null hypothesis. Based on this result, we can conclude that there is no difference between marketing managers educated in Saudi Arabia, the United States, the Western European countries or other countries and applying marketing activities in the Saudi manufacturing sector. This result was not consistent with what has been found and discussed in the literature (Bhuian, 1998; Cavusgil et al., 1984; Deng, 1994; Hammad, 1991). Chapter seven will discuss this result.

### 6.5.1.5 Experience and Application of Marketing Activities

In order to understand the relationship between the application of marketing activities and marketing managers' experience, the ANOVA test and Post Hoc test (Tukey) were used. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between the experience of marketing managers and applying marketing activities in the Saudi manufacturing sector. As can be seen from Table 6.26, the experience of respondents was divided into six groups: eighty-three in marketing, fifty-two in production, twenty-six in finance, and ten in personal affairs. Seventeen managers had other experience and there were forty-five managers with no experience. As can be observed, the highest experience mean was for marketing with 2.8964, and the lowest was for personal affairs with 2.1000. The standard deviations were 0.7547, 0.9321, 0.9539, 0.8874, 0.8596, 0.9235, and 0.8869 respectively.

**TABLE 6.26**  
**One-way Descriptive Mean and Std. Deviation for Experience and Application of Marketing Activities**

	N	Mean	Std. Deviation	Std. Error Mean
Marketing	83	2.8964	.7547	0.08284
Production	52	2.5833	.9321	0.1293
Finance	26	2.4154	.9539	0.1871
Personal Affairs	10	2.1000	.8874	0.2806
Other	17	2.2980	.8596	0.2085
Non	45	2.5363	.9235	0.1377
Total	233	2.6255	.8869	0.0581

Table 6.27 shows the results of the ANOVA test. As can be seen, the *P* value is 0.007. As the *P* value is significant (lower than 5%), we can reject the null hypothesis that there is no significant difference between the experience of marketing managers and the application of marketing activities in the Saudi manufacturing

sector. In other words, the level of experience of marketing managers impacts on applying marketing activities in the Saudi manufacturing sector.

**TABLE 6.27**  
**The ANOVA Test for Experience and Application of Marketing Activities**

	<b>Some of Squares</b>	<b>Df</b>	<b>Mean Squares</b>	<b>F</b>	<b>Sig.</b>
Between Groups	12.273	5	2.455	3.274	0.007
Within Groups	170.202	227	0.750		
Total	182.476	232			

\* Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

Table 6.28 shows the results of the Post Hoc test (Tukey) for the variables. As can be seen, there is a difference between marketing experience and all other experience, however there is no difference between each of the others. As the mean for managers with marketing experience was the highest (as observed in Table 6.26) we can conclude that marketing experience causes marketing managers to adopt modern marketing activities and apply them in their work. In other words, where marketing managers have marketing experience, they apply marketing activities in Saudi manufacturing companies. As the *P* value is not significant (higher than 5%), we cannot reject the null hypothesis. Based on this result, we can conclude that there is no difference between marketing managers educated in Saudi Arabia, the United States, the Western European countries or other countries and applying marketing activities in the Saudi manufacturing sector. This result was consistent with what has been found in the literature (Bennett, 1998; Cavusgil et al., 1984; El-Haddad, 1991; Hammad, 1991; Okoroafo, 1996). This result will be discussed in chapter seven.

**TABLE 6.28**  
**Post Hoc Test (Tukey) Multiple Comparisons for Applicable Marketing Activities and the Marketing Manager's Experience.**

<b>Dependent Variable</b>	<b>(I) Experience</b>	<b>(J) Experience</b>	<b>Mean Difference (I-J)</b>	<b>Std. Error</b>	<b>Sig.</b>
<b>Mean of Total for Application of Marketing Activities</b>	Marketing	Production	.3131*	.1531	.034
		Finance	.4810*	.1946	.009
		Personal Affairs	.7964*	.2898	.003
		Other	.5983*	.2305	.004
		On there	.3601*	.1603	.019
	Production	Marketing	-.3131*	.1531	.034
		Finance	.1679	.2080	.966
		Personal Affairs	.4833	.2990	.588
		Other	.2853	.2419	.847
		On there	.04704	.1763	.1000
	Finance	Marketing	-.4810*	.1946	.009
		Production	-.1679	.2080	.966
		Personal Affairs	.3154	.3022	.925
		Other	.1173	.2701	.998
		On there	-.1209	.2133	.993
	Personal Affairs	Marketing	-.7964*	.2898	.003
		Production	-.4833	.2990	.588
		Finance	-.3154	.3222	.925
		Other	-.1980	.3451	.993
		On there	-.4363	.3027	.702
	Other	Marketing	-.5983*	.2305	.004
		Production	-.2853	.2419	.847
		Finance	-.1173	.2701	.998
		Personal Affairs	.1980	.3451	.993
		On there	-.2383	.2465	.929
	None	Marketing	-.3601*	.1603	.019
		Production	-.047037	.1763	1.000
		Finance	.1209	.2133	.993
Personal Affairs		.4363	.3027	.702	
Other		.2383	.2465	.929	

\*The mean difference is significant at the .05 level.

### 6.5.1.6 Training and Application of Marketing Activities

In order to understand the relationship between applying marketing activities and participation in marketing training programmes, the ANOVA test and Post Hoc test (Tukey) were used. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between participation in marketing training programmes and applying marketing activities in the Saudi manufacturing



sector. In order to conduct the test, training programme participation (v9) was divided into four groups. The first did not participate in training, the second participated in training once, and the third and fourth groups participated in training twice to five times or more than five times respectively. The mean and standard deviation for these groups is shown in Table 6.29. As can be seen, the highest mean (3.1253) was for managers that participated in training programmes more than five times, and the lowest mean (2.1879) was for managers that did not participate in any training programmes. The standard deviations for these groups was 0.9394, 0.8956, 0.7496, and 0.5397 respectively.

**TABLE 6.29**  
**One-way Descriptive Mean and Std. Deviation for marketing Training Programmes and Application of Marketing Activities**

	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Never	77	2.1879	0.9394
One Time	49	2.6449	0.8956
2-5 Times	74	2.8450	0.7496
6 and More	33	3.1253	0.5397
Total	233	2.6255	0.8869

In addition, Table 6.30 shows the results of the ANOVA test that defines the relationship between the application of marketing activities and participation in marketing training programmes for marketing managers.

**TABLE 6.30**  
**The ANOVA Test for Marketing Training Programmes and the Application of Marketing Activities**

	<b>Sum of Squares</b>	<b>DF</b>	<b>Mean Squares</b>	<b>F</b>	<b>Sig.</b>
Between Groups	26.574	3	8.858	13.011	0.000
Within Groups	155.902	229	0.681		
Total	182.476	232			

\* Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

As can be seen, *P* value is 0.00. As the *P* value is significant (lower than 5%), we can reject the null hypothesis that there is no significant difference between

marketing managers who participate in marketing training programmes and applying marketing activities in the Saudi manufacturing sector. In other words, participation in training impacts on the application of marketing activities in the Saudi manufacturing sector. In order to make Multiple Comparisons between these groups, the Post Hoc test (Tukey) was used and Table 6.31 shows the results. As can be seen, there was a significant difference between marketing managers who did not participate in marketing training programmes and those who participated even once. The *P* values for never once, 2-5 times, and more than five times were 0.013, 0.00, and 0.00 respectively. Since the mean for managers who did not participate in training was the lowest (as observed in Table 6.29) we can conclude that participation in marketing training programmes assisted marketing managers to adopt modern marketing activities and apply them in their work. This result was consistent with all studies which has been discus in the literature (Bennett, 1998; Deng, 1994; El-Haddad, 1991; El-Masree, 1996; Hammad, 1991; Yavas & Cavusgil, 1989). This result will be discus in chapter seven.

**TABLE 6.31**  
**Post Hoc Test (Tukey) as Multiple Comparisons for Marketing Training Programmes and Application of Marketing Activities**

<b>Dependent Variable</b>	<b>(I) Participate in training</b>	<b>(J) Participate in training</b>	<b>Mean Difference (I-J)</b>	<b>Std. Error</b>	<b>Sig.</b>
<b>Mean of Total Sum for Application of Marketing Activities</b>	Never	One Time	-0.4570*	0.1508	0.013
		2-5 Times	-0.6572*	0.1343	0.000
		6 and More	-0.9374*	0.1717	0.000
	One Time	Never	0.4570*	0.1508	0.013
		2-5 Times	-0.2001	0.1520	0.552
		6 and More	-0.4804*	0.1858	0.048
	2-5 Times	Never	0.6572*	0.1343	0.000
		One Time	0.2001	0.1520	0.552
		6 and More	-0.2802	0.1727	0.366
	6 and More	Never	0.9374*	0.1717	0.000
		One Time	0.4804*	0.1858	0.048
		2-5 Times	0.2802	0.1727	0.366

\*The mean difference is significant at the .05 level

## 6.5.2 Hypothesis Two

**There is no significant difference between the respondents' characteristics and the perception of the benefit of marketing concepts on the Saudi manufacturing sector.**

In order to test this hypothesis, the one-way analysis of variance test (ANOVA) and the Kruskal-Wallis tests were conducted to ascertain if there was a statistically significant difference in the response of the study sample based on the variable of manager characteristic. In this study, seven dependant variables (v29 – v35) were tested and analysed for this hypothesis. As mentioned in hypothesis one, there are ten independent characteristics for managers: age, nationality, highest qualification, subject of study, country of higher education, duration in current position, duration in company, experience, participation in training, and membership of marketing associations.

Table 6.32 shows the results of the one-way ANOVA and the Kruskal-Wallis tests for the variables. Both tests were carried out at 5 percent significance level. As can be seen from Table 6.32, there is no significant difference between most of the groups in response to most of the variables related to the application of marketing activities in manufacturing companies in the Saudi private sector (significant *p* values shown in bold). Participation in marketing training programmes (v9) and highest qualification (v3) were the characteristics showing the most significant difference. Both have four significant impacts. Experience (v8) had three significant differences, nationality (v2) had two significant differences, and both field of study (v4) and country of higher education (v5) had one significant difference. The remaining variables did not show any significant difference. Table 6.32 shows independent variable results. As can be seen, v29 (market oriented) was the variable that most impacted on manager characteristics with four significant differences (with v2, v3, v4,

and v8) while, v33 (product differentiation) was the variable with least impact on manager characteristics with no significant differences. All of v30, v31, and v32 (product position, market segmentation, and optimisation of marketing mix respectively) had three significant differences, and both v34 and v35 had one significant difference with v9 (participation in training).

In general, Table 6.32 shows fifteen significant values from seventy-seven products (eleven characteristics and seven variables) that is to say 21.4%. Based on the observed significance level of the ANOVA test and the Kruskal-Wallis tests, we cannot reject the null hypothesis that there is no significant difference between the majority of respondent characteristics to the benefit of marketing concepts in manufacturing companies in the Saudi private sector. In order to reach meaningful results related to this hypothesis, a number of characteristics were selected to investigate the relationship between them and the marketing manager's opinion to the benefit of marketing concepts for the Saudi manufacturing sector. Six characteristics were selected and defined as a sub-hypothesis for this section. The following sub-sections present the statistical results of testing these variables.

**TABLE 6.32**  
**One-Way ANOVA Test and the Kruskal-Wallis Tests for Impact of**  
**Respondent Characteristics on Benefit of Marketing Concepts in**  
**Saudi Manufacturing Companies**

Variables	Age		Nationality		Highest Qualification		Field of study		Country of higher education	
	A	KW	A	KW	A	KW	A	KW	A	KW
V29	.909	.991	.015	.021	.002	.003	.048	.038	.136	.097
V30	.775	.829	.028	.066	.014	.035	.318	.267	.128	.141
V31	.885	.935	.862	.942	.003	.002	.316	.311	.040	.030
V32	.541	.666	.266	.226	.012	.009	.234	.147	.407	.236
V33	.247	.147	.897	.926	.673	.831	.748	.559	.255	.140
V34	.245	.311	.419	.300	.255	.291	.926	.908	.253	.279
V35	.927	.939	.143	.167	.206	.230	.478	.582	.323	.311

A= one-way ANOVA Test & KW =Kruskal-Wallis Test.

**TABLE 6.32**  
(Continued)

Variables	Duration in Current Position		Duration in Company		Practical Experience		Participation in the Training		Membership of any P.M.A.	
	A	KW	A	KW	A	KW	A	KW	A	KW
V29	.661	.678	.615	.678	.012	.037	.119	.138	.223	.181
V30	.528	.566	.263	.263	.000	.008	.104	.073	1.00	.987
V31	.906	.881	.663	.646	.089	.088	.000	.000	.058	.064
V32	.449	.287	.177	.152	.016	.014	.001	.001	.295	.222
V33	.920	.947	.376	.495	.361	.328	.083	.117	.620	.449
V34	.452	.472	.177	.113	.209	.234	.010	.041	.249	.226
V35	.590	.607	.589	.563	.066	.051	.001	.001	.498	.506

A= one-way ANOVA Test & KW =Kruskal-Wallis Test.

### 6.5.2.1 Age of Managers and Belief in Usefulness of Marketing Concepts

The relationship between marketing managers' age and their opinion on the usefulness of marketing concepts in the Saudi manufacturing sector was analysed by the ANOVA test. The test was carried out at the 5 percent significance level. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between a marketing manager's age and his opinion on the usefulness of marketing concepts in the Saudi manufacturing sector. Table 6.33 shows the results of the ANOVA test.

**TABLE 6.33**  
**The ANOVA Test for the Belief in Usefulness of Marketing Concepts for a Manufacturing Company and Age**

	Sum of Squares	df	Mean Squares	F	Sig.
Between Groups	2.341	4	0.585	0.694	0.597
Within Groups	192.287	228	0.843		
total	194.628	232			

\* Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

As can be seen, the *P* value is 0.597. As the *P* value is not significant (higher than 5%), we cannot reject the null hypothesis. Based on this result, we can conclude

that there is no difference between the age of a marketing manager and his opinion on the usefulness of marketing concepts in the Saudi manufacturing sector. This result was consistent with Shama (1995). However, this result was not consistent with some of those studied in the literature (Cavusgil et al., 1984; Yavas & Cavusgil, 1989; Yavas & Rountree, 1980). A discussion of this result will be in the next chapter.

### 6.5.2.2 Nationality of Managers and Belief in Usefulness of Marketing Concepts

In order to understand the relationship between the nationality of managers and the usefulness of marketing concepts, the two independent sample *t*-test was used. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between Saudi and non-Saudi managers in the benefit of marketing concepts in the Saudi manufacturing sector. In order to conduct the test, manager nationality (*v*<sub>2</sub>) was divided into two groups. The first group had eighty-one Saudi managers, the second group had one hundred and fifty-two non-Saudi managers. The test was carried out at the 5 percent significance level, and Table 6.34 shows the results of the two independent sample *t*-test. As can be seen, the mean for Saudi managers is 2.5450 while the mean for non-Saudi managers is 2.7218. The standard deviation for the Saudi group is 0.9278, while the standard deviation for the non-Saudi group is 0.8674. Table 6.34 shows that the observed *p* value is 0.161 which is more than 5%.

**TABLE 6.34**  
**The Two Independent-Sample *t*-Test Results For Saudis and Non-Saudis Belief in Usefulness of Marketing Concepts**

Manager's Nationality	N	Mean	Std. Deviation	SE. Mean	t-test for Equality of Means		
					t	df	Sig. (2-tailed)
Saudi	81	2.5450	0.9436	0.0148	-1.406	231	0.161
Non Saudi	152	2.7218	0.8979	0.07283			

Since we have a non-significant result, we cannot reject the null hypothesis that there is no significant difference between the perception of Saudi and non-Saudi managers in the benefit of marketing concepts in manufacturing companies in the Saudi private sector.

### **6.5.2.3 Level of Manager Education and Belief in Usefulness of Marketing Concepts**

The ANOVA test and Post Hoc test (Tukey) were used here in order to see if a relationship exists between the benefiting of marketing concepts and marketing manager qualification in the Saudi manufacturing sector. In other words, the objective of using this procedure is to test the null hypothesis that there is no significant difference between the higher qualifications of respondents in the benefit of marketing concepts in the Saudi manufacturing sector. In order to conduct the test, the higher qualifications of marketing managers (v3) were divided into three groups. As can be seen from Table 6.35, the first group had eighteen managers with qualifications lower than a degree, the second group had one hundred and seventy-eight managers with a degree, and the third group had thirty-seven managers with qualifications higher than a first degree (two Diplomas, thirty three Masters, and two Ph.D.s).

**TABLE 6.35**  
**One-way Descriptive Mean and Std. Deviation for Qualification and Belief in Usefulness of Marketing Concepts**

	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Std. Error Mean</b>
Less than Bachelors	18	2.1032	1.0911	0.2572
Bachelors	178	2.6340	0.8819	6.610E-02
More than Bachelors	37	3.0579	0.8360	0.1374
Total	233	2.6603	0.9159	6.000E-02

As can be seen, the highest mean was for managers with more than a Bachelors degree, the lowest mean was for managers without a degree, with the reverse standard deviation. The mean for managers without a Bachelors degree is 2.1032 with standard deviation 1.0911, the mean for managers with a qualification higher than a first degree is 3.0579 with standard deviation 0.8360. The mean for managers with a Bachelors degree is 2.6340, with standard deviation 0.8819.

Table 6.36 shows the results of the ANOVA test. As can be seen, *P* value is 0.00. Because the *P* value is significant (lower than 5%), we can reject the null hypothesis that there is no significant difference between the higher qualifications of marketing managers in the benefit of marketing concepts in the Saudi manufacturing sector. In other words, the level of the education impacts on the belief in the benefit of marketing concepts in the Saudi manufacturing sector. In order to define the difference between these groups, the Post Hoc test was used.

**TABLE 6.36**  
**The ANOVA Test for Qualifications and Belief in Usefulness of Marketing Concepts**

	Sum of Squares	Df	Mean Squares	F	Sig.
Between Groups	11.559	2	5.780	7.261	0.00
Within Groups	183.068	230	0.796		
Total	194.628	232			

\* Kruskal-Wallis test was carried out and similar results were obtained.

Table 6.37 shows the results of the Post Hoc test (Tukey). There is a significant difference between all these groups. The mean difference between marketing managers with a degree and those without is 0.5309 with *P* value 0.043. The mean difference between marketing managers without a degree and those with higher qualifications more than one degree, is 0.9547 with *P* value is 0.00. There is also a difference between marketing managers with one degree and those with higher qualifications, the mean difference being 0.4239 with *P* value 0.023. As the mean for



managers with higher qualification was the highest (as observed in Table 6.35) and the mean for managers with a degree was higher than that of managers without a degree, we can conclude that marketing managers with higher qualifications are most likely to believe that marketing concepts are useful in manufacturing companies. In other words, the higher qualification impacts on marketing managers to adopt marketing concepts and believe them to be useful in the Saudi manufacturing sector. This result was consistent with some of the literature (Bhuiyan, 1998; Deng, 1994; Hammad, 1991; Marinov et al., 1993; Yavas & Cavusgil, 1989; Yavas & Rountree, 1980). The discussion for this result will be in chapter seven.

**TABLE 6.37**  
**Post Hoc Test (Tukey) Multiple Comparisons of Marketing Manager Qualification and Belief in Usefulness of Marketing Concepts**

<b>Dependent Variable</b>	<b>(I) High Qualification</b>	<b>(J) High Qualification</b>	<b>Mean Difference (I-J)</b>	<b>Std. Error</b>	<b>Sig.</b>
<b>Mean Sum Total of Belief in Usefulness of Marketing Know-How</b>	Less than Bachelors	Bachelors	-0.5309*	0.2207	0.043
		More than Bachelors	-0.9547*	0.2564	0.001
	Bachelors	Less than Bachelors	0.5309*	0.2207	0.043
		More than Bachelors	-0.4239*	0.1612	0.023
	More than Bachelors	Less than Bachelors	0.9547*	0.2564	0.001
		Bachelors	0.4239*	0.1612	0.023

\*The mean difference is significant at the .05 level.

#### **6.5.2.4 Duration in Current Position and Belief in Usefulness of Marketing Concepts**

The relationship between the number of years which marketing managers have been in their position and their opinion on the usefulness of marketing concepts in the Saudi manufacturing sector was analysed by the ANOVA test. The test was carried out at the 5 percent significance level. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between duration of current position and opinion on usefulness of marketing concepts.

Table 6.38 shows the results of the ANOVA test. As can be seen,  $P$  value is .651. As the  $P$  value is not significant (higher than 5%), we cannot reject the null hypothesis. Based on this result, we can conclude that there is no difference between the number of years which marketing manager have held the position and their opinion on the usefulness of marketing concepts in the Saudi manufacturing sector. In other words, the number of years in a marketing position does not impact on a manager's attitude regarding the usefulness of marketing concepts. This result was consistent with El-Haddad (1991) and the discussion will be in chapter seven.

**TABLE 6.38**  
**The ANOVA Test for Duration in Current Position and Belief in Usefulness of Marketing Concepts**

	<b>Sum of Squares</b>	<b>df</b>	<b>Mean Squares</b>	<b>F</b>	<b>Sig.</b>
Between Groups	2.085	4	0.521	0.617	0.651
Within Groups	192.542	228	0.844		
Total	194.628	232			

\* Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

### **6.5.2.5 Marketing Training Programmes and Belief in Usefulness of Marketing Concepts**

In order to understand the relationship between participation in marketing training programmes and belief in the usefulness of marketing concepts, the ANOVA test and Post Hoc test (Tukey) were used. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between marketing managers who participate in marketing training programmes and belief in the usefulness of marketing concepts in the Saudi manufacturing sector. In order to conduct the test, participation in marketing training programmes (v9) was divided (as mentioned in sub-section 6.5.1.6) into four groups. The first group of respondents did not participate in marketing training programmes, the second group

participated in training programmes once. The third group participated in training programmes two to five times, and the fourth group participated more than five times.

The mean and standard deviation for these groups is shown in Table 6.39. As can be seen, the highest mean (3.0563) was for managers that participated in training programmes more than five times, the lowest mean (2.3210) was for managers that did not participate in any marketing training programmes. The standard deviations for these groups are 0.9394, 0.8956, 0.7496, and 0.5397 respectively. In other words, the mean of the group decreased whenever the number of times respondent participation in training increased.

**TABLE 6.39**  
**The One-way Descriptive Mean and Std. Deviation for Marketing Training Programmes and Belief in Usefulness of Marketing Concepts**

	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Never	77	2.3210	0.9781
One Time	49	2.6531	0.8325
2-5 Times	74	2.8417	0.8478
6 and More	33	3.0563	0.7849
Total	233	2.6603	0.9159

Table 6.40 shows the results of the ANOVA test that define the relationship between belief in the usefulness of marketing concepts and manager participation in marketing training programmes. As can be seen, *P* value is 0.00. As the *P* value is significant (lower than 5%), we can reject the null hypothesis that there is no significant difference between marketing managers who have participated in marketing training programmes and belief in the usefulness of marketing concepts in the Saudi manufacturing sector. In other words, participation in training programmes impacts on believing in the usefulness of marketing concepts in the Saudi manufacturing sector.

**TABLE 6.40**  
**The ANOVA Test for Participation in Marketing Training Programmes and Belief in the Usefulness of Marketing Concepts**

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Squares</b>	<b>F</b>	<b>Sig.</b>
Between Groups	16.478	3	5.493	7.061	0.000
Within Groups	178.150	229	0.778		
Total	194.628	232			

\* Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

In order to understand the Multiple Comparisons between these groups, the Post Hoc test (Tukey) was used to achieve this. Table 6.41 shows the results. As can be seen, there is a significant difference between marketing managers who did not participate in marketing training programmes and marketing managers who participated 2-5 times and more than five times. However, there is no significant difference between marketing managers who did not participate in marketing training programmes and those who participated once.

**TABLE 6.41**  
**Post Hoc Test (Tukey) Multiple Comparisons for Participation in Marketing Training Programmes and Belief in Usefulness of Marketing Concepts**

<b>Dependent Variable</b>	<b>(I) Participated in training</b>	<b>(J) Participated in training</b>	<b>Mean Difference (I-J)</b>	<b>Std. Error</b>	<b>Sig.</b>
<b>Mean Sum Total of Belief in Usefulness of Marketing Concepts</b>	Never	One Time	-0.3321	0.1612	0.166
		2-5 Times	-0.5207*	0.1436	0.002
		6 and More	-0.7353*	0.1835	0.000
	One Time	Never	0.3321	0.1612	0.166
		2-5 Times	-0.1886	0.1624	0.651
		6 and More	-0.4032	0.1986	0.177
	2-5 Times	Never	0.5207*	0.1436	0.002
		One Time	-0.1886	0.1624	0.651
		6 and More	-0.2146	0.1846	0.651
	6 and More	Never	0.7353*	0.1835	0.000
		One Time	0.4032	0.1986	0.177
		2-5 Times	0.2146	0.1846	0.651

\*The mean difference is significant at the .05 level.

There is also a significant difference between marketing managers who participated in training programmes once or more. The *P* values for never and one time, 2-5 times, and more than five times are 0.166, 0.002, and 0.00 respectively. As the mean for managers who have not participated in marketing training programmes was the lowest one (as observed in Table 6.39). We can conclude that participation in marketing training programmes aids marketing managers to understand marketing concepts and accept that the marketing concepts are useful in the Saudi manufacturing sector. A number of studies were consistent with this result (Bennett, 1998; Deng, 1994; El-Haddad, 1991; El-Masree, 1996; Hammad, 1991; Yavas & Cavusgil, 1989). This result will be discussed in chapter seven.

#### **6.5.2.6 Membership of Marketing Association and Belief in Usefulness of Marketing Concepts**

In order to understand the relationship between membership managers in marketing associations and belief in the usefulness of marketing concepts, the two independent sample *t*-test was used. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between marketing managers with membership of marketing associations and belief in the benefit of marketing concepts in the Saudi manufacturing sector. In order to conduct the test, managers' membership of marketing associations (*v*10) was divided into two groups. The first group had twelve managers with marketing association membership, the second group had two hundred and twenty managers without membership. The test was carried out at the 5 percent significance level.

Table 6.42 shows the results of the two independent sample *t*-test. As can be seen, the mean for those with membership was 2.9881 with standard deviation 1.0646.

The mean for those without membership was 2.6425 with standard deviation 0.9065. Table 6.42 shows that the *t*-statistic was 1.275 and the degrees of freedom for the *t*-statistic was 231. The observed *p* value was 0.204. This *p* value is higher than 5% which was our test significance level. As this is a non-significant result, we cannot reject the null hypothesis that there is no significant difference between marketing managers with membership in a marketing association and belief in the benefit of marketing concepts in manufacturing companies in the Saudi private sector. In other words, membership in a marketing association does not impact on a marketing manager's attitude regarding the benefit of marketing concepts in manufacturing companies.

**TABLE 6.42**  
**The Two Independent-Sample *t*-Test Results For Membership of Marketing Association and Belief in Usefulness of Marketing Concepts**

Manager's Membership in Any Marketing Association	N	Mean	Std. Deviation	SE. Mean	t-test for Equality of Means		
					t	df	Sig. (2-tailed)
Yes	12	2.9881	1.0646	0.3073	1.275	231	0.204
No	221	2.6425	0.9065	0.06098			

### 6.5.3 Hypothesis Three

**There is no significant difference between the characteristics of companies and the application of marketing activities in the Saudi manufacturing sector.**

In order to test this hypothesis, fourteen variables were selected (v23 – v28e) tested and analysed. The one-way analysis of variance test (ANOVA) and the Kruskal-Wallis tests were conducted to ascertain if there was a statistically significant difference in the responses of the study sample in relation to the variables of company characteristic. In this study, there are eleven company characteristics as independent factors. These factors are: Manufacturing sector, ownership, legal form of

organisation, type of product, number of products, total investment, competition, existence of marketing department, marketing participation in decision-making, and availability of marketing department activities.

Table 6.43 shows the results of the one-way ANOVA and the Kruskal-Wallis tests for the variables. Both tests were carried out at 5 percent significance level. As can be seen for Table 6.43, there is a significant difference between the majority of the groups response to most variables related to the application of marketing activities in manufacturing companies in the Saudi private sector (significant  $p$  values shown in bold). The numbers of employees, existence of marketing department, marketing participation in decision-making, and choice of marketing department activities impacted on all marketing activity variables (v23-v28e). The manufacturing sectors did not impact on any of these variables. Twelve of the variables were significant in legal form of organisation (v13), six variables were significant in competition (v18). Ownership, type of product, and number of products showed some significant difference between the one-way ANOVA and the Kruskal-Wallis tests. The differences were not remarkable because there was no difference when we carried out at 6 percent significance level.

The researcher selected to rely on the ANOVA test in these results as mentioned in the second section in this chapter. The results in Table 6.43 show that v25, v27b, and v27c were the variables with most impact on company characteristics and each variable produced eight significant levels. V26 and v28c were the variables with least impact on company characteristics. V26 produced four significant values and v28c produced five. In general, Table 6.43 shows ninety-one significant values from one hundred and forty-four relationships (eleven characteristics and fourteen variables) that is to say 59.09%.

**TABLE 6.43**

**One-Way ANOVA Test and the Kruskal-Wallis Tests for the Impact of the Characteristics of Companies on the Application of Marketing Activities in Saudi Manufacturing Companies**

Variables	Manufa. Sector		ownership		Legal form of Org.		Type of Prod.		Number of Prod.		number of employees	
	A	KW	A	KW	A	KW	A	KW	A	KW	A	KW
V23	.980	.983	.077	.035	.000	.000	.445	.685	.756	.677	.000	.000
V24	.973	.951	.790	.028	.000	.000	.906	.935	.507	.456	.000	.000
V25	.998	.971	.575	.547	.000	.000	.950	.999	.011	.026	.000	.000
V26	.088	.040	.699	.508	.405	.369	.201	.086	.302	.554	.040	.058
V27a	.953	.911	.288	.280	.004	.001	.867	.985	.073	.025	.002	.001
V27b	.643	.661	.037	.055	.000	.000	.594	.786	.140	.222	.005	.007
V27c	.480	.652	.850	.849	.002	.001	.052	.049	.194	.169	.000	.000
V27d	.591	.667	.260	.161	.000	.000	.666	.802	.065	.078	.000	.000
V27e	.902	.896	.106	.055	.003	.017	.455	.237	.587	.705	.012	.033
V28a	.805	.903	.260	.173	.018	.036	.690	.708	.478	.517	.000	.000
V28b	.915	.951	.105	.116	.012	.037	.968	.951	.167	.181	.001	.001
V28c	.057	.176	.286	.213	.086	.130	.273	.371	.488	.471	.001	.001
V28d	.782	.814	.027	.027	.038	.032	.922	.967	.340	.421	.009	.006
V28e	.790	.955	.223	.311	.009	.094	.625	.710	.287	.257	.048	.047

**TABLE 6.43 (Continued)**

Variables	Total Investment		The competition		Marketing Dept.		Part. in decision making		Which Dept. Conducts MA*	
	A	KW	A	KW	A	KW	A	KW	A	KW
V23	.000	.000	.086	.076	.000	.000	.000	.000	.000	.000
V24	.000	.000	.155	.153	.000	.000	.000	.000	.000	.000
V25	.000	.000	.020	.014	.000	.000	.000	.000	.000	.000
V26	.169	.296	.237	.131	.001	.003	.000	.000	.016	.030
V27a	.001	.010	.001	.000	.000	.001	.000	.000	.000	.003
V27b	.010	.020	.042	.036	.004	.007	.005	.013	.001	.007
V27c	.009	.009	.000	.000	.003	.004	.002	.002	.007	.012
V27d	.000	.000	.021	.005	.000	.000	.000	.000	.000	.000
V27e	.006	.021	.000	.000	.000	.000	.000	.000	.000	.001
V28a	.000	.000	.161	.219	.000	.000	.000	.000	.000	.000
V28b	.001	.003	.773	.687	.000	.000	.000	.000	.000	.000
V28c	.002	.012	.195	.123	.000	.000	.000	.000	.000	.000
V28d	.050	.177	.153	.085	.000	.000	.000	.000	.002	.009
V28e	.070	.169	.148	.094	.000	.000	.000	.000	.000	.001

A= one-way ANOVA Test & KW =Kruskal-Wallis Test. \*MA= marketing activities.

Based on the observed significance level of the ANOVA test, we can reject the null hypothesis that there is no significant difference between company characteristics



and application of marketing activities in manufacturing companies in the Saudi private sector. In other words, the majority of company characteristics impact on the application of marketing activities in the Saudi manufacturing sectors.

In order to reach meaningful results related to this hypothesis, the researcher chose a number of characteristics to understand the relationship between these variables and the application of marketing activities in the Saudi manufacturing sector. Seven characteristics were chosen and defined as a sub-hypothesis for this section. The following sub-sections present the statistical results of testing these variables.

### 6.5.3.1 Type of Manufacture and Application of Marketing Activities

In order to understand the relationship between the application of marketing activities and manufacturing sectors, the ANOVA test was used. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between the Saudi manufacturing sectors in applying marketing activities. According to the directory of Saudi industries 1998, manufacturing companies in Saudi Arabia were categorised in nine groups.

**TABLE 6.44**  
**One-way Descriptive Mean and Std. Deviation for Type of**  
**Manufacture and Application of Marketing Activities**

<b>Manufacturing Sector</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Manufacture of food & beverages	33	2.7980	0.8642
Textile, wearing apparel and leather industries	11	2.6061	0.9307
Manufacture of wood & wood products Including Furniture	12	2.5167	1.0199
Manufacture of paper, printing & publishing	18	2.7593	0.6644
Manufacture of chemicals & plastic products	58	2.6356	0.7757
Manufacture of construction materials, chinaware, ceramic and glass	41	2.5220	1.0948
Basic metal industries	6	2.8222	0.5378
Manufacture of machinery and equipment	51	2.5634	0.9192
Other manufacturing industries	3	2.3111	1.1002
<b>Total</b>	<b>233</b>	<b>2.6255</b>	<b>0.8869</b>

As can be seen from Table 6.44, basic metal industrial companies had the highest mean (2.8222), with the smallest group being other manufacturing industrial companies (2.3111). The standard deviation for these groups was 0.8642, 0.9307, 1.0199, 0.6644, 0.7757, 1.0948, 0.5378, 0.9192, and 1.1002 respectively. The mean of the sum total for these companies is 2.6255, and the standard deviation 0.8869. Table 6.45 shows the results of the ANOVA test that defines the relationship between application of marketing activities and type of Saudi manufacture. As can be seen, the *P* value is .915. Because the *P* value is not significant (higher than 5%), we cannot reject the null hypothesis that there is no significant difference between manufacturing companies in applying marketing activities in the Saudi manufacturing sector. In other words, the type of manufacturing company does not affect the application of marketing activities in the Saudi manufacturing sector. This result was consistent with what has discussed in the literature (Mohamad et al., 1992; El-Haddad, 1991). The discussion will be in the next chapter.

**TABLE 6.45**  
**The ANOVA Test for Type of Manufacture and Application of Marketing Activities**

<b>Manufacturing Sector</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Squares</b>	<b>F</b>	<b>Sig.</b>
Between Groups	2.621	8	0.328	0.408	0.915
Within Groups	179.855	224	0.803		
Total	182.476	232			

\* Kruskal-Wallis test was carried out and similar results were obtained.

### **6.5.3.2 Legal Form of Company and Application of Marketing Activities**

The ANOVA test and Post Hoc test were used here in order to reveal the relationship between the application of marketing activities and the legal form of

companies (v13) in the Saudi manufacturing sector. The objective of using this procedure was to test the null hypothesis that there is no significant difference between the legal form of companies and the application of marketing activities in the Saudi manufacturing sector. As mentioned in the last chapter, companies were divided into four categories: sole proprietorship, limited liability, joint stock, and partnership. Table 6.46 shows the number, mean, and standard deviation of each change. As can be seen, there were over one hundred and five limited liability firms with a mean of 2.7568 and standard deviation of 0.8592, twenty three joint stock companies with a mean of 3.2435 and a standard deviation of 0.3785. Seventy-nine firms were sole proprietorships with a mean of 2.3637 and a standard deviation of 0.9090, the twenty-six partnerships had a mean of 2.3436 and a standard deviation of 0.8948.

**TABLE 6.46**  
**One-way Descriptive Mean and Std. Deviation for Legal Form and Application of Marketing Activities**

<b>Legal Form of Organization</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Sole Proprietorship	79	2.3637	0.9090
Limited Liability	105	2.7568	0.8592
Joint Stock Companies	23	3.2435	0.3785
Partnership	26	2.3436	0.8948
Total	233	2.6255	0.8869

Table 6.47 shows the results of the ANOVA test. As can be seen, the *P* value is 0.00. As the *P* value is significant (lower than 5%), we can reject the null hypothesis that there is no significant difference between the legal form of a company and application of marketing activities in the Saudi manufacturing sector. In other words, company legal form impacts on the application of marketing activities in the Saudi manufacturing sector.

**TABLE 6.47**  
**The ANOVA Test for Legal Form and Application of Marketing Activities**

	Sum of Squares	Df	Mean Squares	F	Sig.
Between Groups	18.075	3	6.025	8.392	0.000
Within Groups	164.401	229	0.718		
Total	182.76	232			

\*Kruskal-Wallis test was carried out and similar results were obtained.

Table 6.48 shows the results of the Post Hoc test (Tukey) for the same variables and identifies where there is a significant difference between these categories. As can be seen, there is a difference between joint stock companies and both sole proprietorships and partnerships, the mean difference being 0.8798 and 0.8999, with the *P* values of 0.000 and 0.001 respectively. The mean for joint stock companies is the highest of the categories (as observed in Table 6.46). There is no difference between partnerships and both sole proprietorships and limited liabilities, the *P* values being 1.00 and .116. Based on these results, we can conclude that joint stock companies have most impact on the application of marketing activities. This result was consistent with the literature and the discussion will be in chapter seven.

**TABLE 6.48**  
**Post Hoc Test (Tukey) Multiple Comparisons of Legal Form and Application of Marketing Activities**

Dependent Variable	(I) Legal Form	(J) Legal Form	Mean Difference (I-J)	Std. Error	Sig.
Mean of the Sum Total for Application of Marketing Activities	Sole Proprietorship	Limited Liability	-0.3931*	0.1262	0.010
		Joint Stock Companies	-0.8790*	0.2008	0.000
		Partnership	0.02012	0.1916	1.000
	Limited Liability	Sole Proprietorship	0.3931*	0.1262	0.010
		Joint Stock Companies	-0.4867	0.1951	0.061
		Partnership	0.4132	0.1856	0.116
	Joint Stock Comp.	Sole Proprietorship	0.8798*	0.2008	0.000
		Limited Liability	0.4867	0.1951	0.061
		Partnership	0.8999*	0.2425	0.001
	Partnership	Sole Proprietorship	-0.020123	0.1916	1.000
		Limited Liability	-0.4132	0.1856	0.116
		Joint Stock Companies	-0.8999*	0.2425	0.001

\*The mean difference is significant at the .05 level

### 6.5.3.3 Number of Products and Application of Marketing Activities

The relationship between the number of a company's products and the application of marketing activities in the Saudi manufacturing sector was analysed by the ANOVA test. The test was carried out at the 5 percent significance level. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between the number of a company's products and the application of marketing activities in the Saudi manufacturing sector. Table 6.49 shows the results of the ANOVA test. As can be seen, the *P* value is 0.105. As the *P* value is not significance (higher than 5%), we cannot reject the null hypothesis. Based on this result, we can conclude that there is no difference between the number of a company's products and the application of marketing activities in the Saudi manufacturing sector. In other words, whether a manufacturing company produces one product or more, the number of products does not impact on the application of marketing activities in a company. The majority of researchers did not investigate this point except El-Haddad (1991) and he was consistent with this result. More detail in chapter seven.

**TABLE 6.49**  
**The ANOVA Test for Number of Products and Application of Marketing Activities**

<b>Number of Products</b>	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Squares</b>	<b>F</b>	<b>Sig.</b>
Between Groups	4.824	3	1.608	2.073	0.105
Within Groups	177.652	229	0.776		
Total	182.476	232			

\* Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

### 6.5.3.4 Company Size and Application of Marketing Activities

The size of a company is defined by one or more factors such as: number of employees, sales total, net profit, or investment capital total. As mentioned in the

previous chapter, the questionnaire used two variables to define company size, number of employees (v16) and total capital investment (v17). Both variables were tested as independent variables to understand the relationship between the size of a company in the Saudi manufacturing sector and the application of marketing know-how in manufacturing companies. The test and results of these variables is discussed in the following sub-section.

#### **6.5.3.4.1 The Number of Employees and Application of Marketing Activities**

The ANOVA test and Post Hoc test were used here in order to understand the relationship between the application of marketing activities and the number of employees (v16) in a Saudi manufacturing company. In other words, the objective of using this procedure was to test the null hypothesis that there is no significant difference between number of employees and application of marketing activities in a Saudi manufacturing company. In order to carry out the test, the number of employees (v16) was divided into three groups. Unfortunately, there is no universally accepted criterion for identifying firm size by number of employees (Walter & Samiee, 1990). The researcher used the Saudi Consulting House classification (1999), which defined small companies as those with less than 50 employees, medium companies as those with between 50-500 employees, and large companies as those with more than 500 employees.

Table 6.50 shows each group and its mean and standard deviation. As can be seen, the first group had 65 small companies, the second group had 137 medium companies, and the third group had 31 large companies. The third group had the highest mean (3.2473), and the first group had the lowest mean (2.1621). The standard deviation for each group was 0.9424, 0.8200, and 0.4966 respectively.

**TABLE 6.50**  
**One-way Descriptive Mean and Std. Deviation for Number of Employees and Application of Marketing Activities**

<b>Number of Employees</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
50 and Less	65	2.1621	0.9424
Between 51-500	137	2.7046	0.8200
More Than 500	31	3.2473	0.4966
<b>Total</b>	<b>233</b>	<b>2.6255</b>	<b>0.8869</b>

Table 6.51 shows the results of the ANOVA test. As can be seen, the *P* value is 0.000. As the *P* value is significant (lower than 5%), we can reject the null hypothesis that there is no significant difference between number of employees and the application of marketing activities. In other words, the company size by number of employees impacts on the application of marketing activities in the Saudi manufacturing sector.

**TABLE 6.51**  
**The ANOVA Test for Number of Employees and Application of Marketing Activities**

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Squares</b>	<b>F</b>	<b>Sig.</b>
Between Groups	26.805	2	13.402	19.802	0.00
Within Groups	155.671	230	0.677		
Total	182.476	232			

\* Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

Table 6.52 shows the results of the Post Hoc test (Tukey) for the same variable, and identifies where there is a significant difference between these categories. As can be seen, there is a significant difference between each group with all *P* values being significant. As the mean for large companies is the highest and the smallest companies have the lowest mean, we can conclude that as employee number increases this positively impacts on the application of marketing activities in manufacturing companies.

**TABLE 6.52**  
**Post Hoc Test (Tukey) Multiple Comparisons for Number of**  
**Employees and Application of Marketing Activities**

<b>Dependent Variable</b>	<b>(I) Number of Employees</b>	<b>(J) Number of Employees</b>	<b>Mean Difference (I-J)</b>	<b>Std. Error</b>	<b>Sig.</b>
<b>Mean of the Sum Total for Application of Marketing Activities</b>	50 and Less	Between 51-500	-0.5426*	0.1239	0.000
		More Than 500	-1.0853*	0.1796	0.000
	Between 51-500	Less Than 20	0.5426*	0.1239	0.000
		More Than 500	-0.5427*	0.1636	0.003
	More Than 500	50 and Less	1.0853*	0.1796	0.000
		Between 51-500	0.5427*	0.1636	0.003

\*The mean difference is significant at the .05 level

#### **6.5.3.4.2 Total Investment and Application of Marketing Activities**

The ANOVA test and Post Hoc test were used to reveal the relationship between investment capital total (v17) and application of marketing activities in the Saudi manufacturing sector. In other words, the objective of using this procedure was to test the null hypothesis that there is no significant difference between investment capital total and application of marketing activities in the Saudi manufacturing sector. In order to carry out the test, total investment (v17) was divided into three groups and the researcher based on Saudi Consulting House classification when small companies have capital investment of 5 Million SR and less. Medium companies have between 6-100 Million SR and large companies have more than 100 Million SR. Table 6.53 shows each group with its mean and standard deviation. As can be seen, the first group had 53 small companies, the second group had 141 medium-sized companies, and the third group had 39 large companies. Large companies had the highest mean (3.1436), the small companies had the lowest mean (2.1157). The standard deviation for each group was 1.0287, 00.8133, and 0.5199 respectively.



**TABLE 6.53**  
**One-way Descriptive Mean and Std. Deviation for Total Investment and Application of Marketing Activities**

<b>Investment</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
5 Million and Less	53	2.1157	1.0287
6-100 Million	141	2.6738	0.8133
More Than 100 Million	39	3.1436	0.5199
<b>Total</b>	<b>233</b>	<b>2.6255</b>	<b>0.8869</b>

Table 6.54 shows the results of the ANOVA test. As can be seen, the *P* value is .000. As the *P* value is significant (lower than 5%), we can reject the null hypothesis that there is no significant difference between total investment and the application of marketing activities. In other words, the company size investment by total investment impacts on the application of marketing activities in the Saudi manufacturing sector.

**TABLE 6.54**  
**The ANOVA Test for Total Investment and Application of Marketing Activities**

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Squares</b>	<b>F</b>	<b>Sig.</b>
Between Groups	24.570	2	12.285	17.894	0.00
Within Groups	157.906	230	0.687		
Total	182.476	232			

\* Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

Table 6.55 shows the results of the Post Hoc test (Tukey) for the same variables and identifies where there is a significant difference between these categories. As can be seen, there is a significant difference between each group and all *P* values are significant. As the mean for the largest companies is the highest, and the lowest is for the smallest (5 and less), we can conclude that where the investments are large it will impact positively on the application of marketing activities in manufacturing companies. In other words, as a firm's size increases this helps it to adopt modern marketing ideas and apply them.

In general, size of a company in the Saudi manufacturing sector based on number of employees (v16) and total capital investment (v17) were tested in this study. We concluded that there is a significant difference between the size of a company in the Saudi manufacturing sector and the application of marketing activities in manufacturing companies. This result was consistent with many studies (e.g. Cox, 1993; El-Haddad, 1991; Mohammad et al., 1992). However, some studies differed in this point with this result (e.g. Hammad, 1991; Martin & Grabac, 1998; Mitchell & Agemmomen, 1984). More discussions will be in chapter seven.

**TABLE 6.55**  
**Post Hoc Test (Tukey) Multiple Comparisons for Total Investment and Application of Marketing Activities**

<b>Dependent Variable</b>	<b>(I) Investment</b>	<b>(J) Investment</b>	<b>Mean Difference (I-J)</b>	<b>Std. Error</b>	<b>Sig.</b>
<b>Mean of the Sum Total for Application of Marketing Activities</b>	5 Million and Less	6-100 Million	-0.5580*	0.1335	0.000
		More Than 100 Million	-1.0279*	0.1748	0.000
	6-100 Million	5 Million and Less	0.5580*	0.1335	0.000
		More Than 100 Million	-0.4698*	0.1499	0.005
	More Than 100 Million	5 Million and Less	1.0279*	0.1748	0.000
		6-100 Million	0.4698*	0.1499	0.005

\*The mean difference is significant at the .05 level

### 6.5.3.5 Competition and Application of Marketing Activities

In order to understand the relationship between the application of marketing activities and level of market competition for a company, the ANOVA and Post Hoc tests were used. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between the level of competition and the application of marketing activities in the Saudi manufacturing sector. As can be seen from Table 6.56, level of competition has been categorised into four groups: no competition, limited competition, high competition, and very high competition.

Only four companies had no competition in the Saudi markets, and their mean was 3.1000 with standard deviation 0.4372. There were fifty-nine companies with limited competition, ninety-nine companies had high competition, and seventy-one companies had very high competition. Competition mean was 2.2407, 2.7461, and 2.7502 respectively, with standard deviation 0.9163, 0.8401, and 0.8608 respectively.

**TABLE 6.56**  
**One-way Descriptive Mean and Std. Deviation for Competition Level and Application of Marketing Activities**

The Competition Level in the Markets	N	Mean	Std. Deviation
No competition	4	3.1000	0.4372
Limited competition	59	2.2407	0.9163
High competition	99	2.7461	0.8401
Very high competition	71	2.7502	0.8608
Total	233	2.6255	0.8869

Table 6.57 shows the results of the ANOVA test. As can be seen, the *P* value is 0.001. As the *P* value is significant (lower than 5%), we can reject the null hypothesis and conclude that the level of competition in the Saudi markets impacts on the application of marketing activities in the Saudi manufacturing sector.

**TABLE 6.57**  
**The ANOVA Test for Competition Level and Application of Marketing Activities**

	Sum of Squares	Df	Mean Squares	F	Sig.
Between Groups	12.183	3	4.061	5.461	0.001
Within Groups	170.293	229	0.744		
Total	182.476	232			

The Post Hoc test (Tukey) was used to identify the difference between these groups. Table 6.58 shows the results. As can be seen, there is no difference between the first group (no competition) and the remaining groups which have competition in the market. However, there is a difference between limited competition and both high

competition and very high competition as their *P* values are 0.002 and 0.004. As observed in Table 6.55, the mean for very high competition is greater than that for high competition and limited competition. Based on these results, we can conclude that whenever the level of a company's competition in the market is high, a company will be more encouraged to adopt and apply marketing activities in its work. There are many empirical studies were consistent with this result (Akaah, et al., 1988; Cavusgil & Yavas, 1984; Dholakia & Dholakia, 1982; Hammad, 1991; Mohamad et al., 1992; Ogwo, 1987). This result will be discus in the next chapter.

**TABLE 6.58**  
**Post Hoc Test (Tukey) Multiple Comparisons for Competition Level and Application of Marketing Activities**

<b>Dependent Variable</b>	<b>(I) Legal Form of Organization</b>	<b>(J) Legal Form of Organization</b>	<b>Mean Difference (I-J)</b>	<b>Std. Error</b>	<b>Sig.</b>
<b>Mean of the Sum Total for Application of Marketing Activities</b>	No competition	Limited competition	.8593	0.4455	0.216
		High competition	.3539	0.4398	0.852
		Very high competition	.3498	0.4432	0.859
	Limited competition	No competition	-.8593	0.4455	0.216
		High competition	-.5054*	0.1418	0.002
		Very high competition	-.5096*	0.1519	0.004
	High competition	No competition	-.3539	0.4398	0.852
		Limited competition	.5054*	0.1418	0.002
		Very high competition	-.0041068	0.1341	1.000
	Very high competition	No competition	-.3498	0.4432	0.859
		Limited competition	.5096*	0.1519	0.004
		High competition	0.0041068	0.1341	1.000

\*The mean difference is significant at the .05 level

### 6.5.3.6 Existence of Marketing Department and Application of Marketing Activities

In order to understand the relationship between the application of marketing activities and whether a manufacturing company has a marketing department or not (v19), the two independent sample *t*-test was used. The test was carried out at 5

percent significance level. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between the availability of a marketing department and the application of marketing activities in the Saudi manufacturing sector.

Table 6.59 shows the results of the two independent sample *t*-test. As can be seen, one hundred and forty-seven companies have marketing departments and eighty-six companies do not. The mean for companies that have marketing departments is 2.8850 with standard deviation 0.7053, and the mean for companies that have no marketing department is 2.1651 with standard deviation 0.9880. The *t*-statistic is 5.886 and the degrees of freedom for the *t*-statistic is 131.454. The observed *p* value is 0.000 which is lower than our test significance level of 5 percent.

**TABLE 6.59**  
**The Two Independent-Sample *t*-test Results For Existence of Marketing Department and Application of Marketing Activities**

Availability of Marketing Department	N	Mean	Std. Deviation	SE. Mean	t-test for Equality of Means		
					t	df	Sig. (2-tailed)
Yes	149	2.8850	.7053	.05778	5.886	131.454	0.000
No	84	2.1651	.9880	0.1078			

As we have a significant result, we can reject the null hypothesis that there is no significant difference between the availability of a marketing department and the application of marketing activities in the Saudi manufacturing sector. In other words, availability of marketing department in any company impacts on the application of marketing activities in the company's functions. This result was consistent with some of the studies in the literature (Akaah et al., 1988; Cavusgil, & Yavas, 1984; El-Haddad, 1991; Mohamad, et al., 1992). However, Hammad (1991) differed with this result. The discussion will be in chapter seven.

### 6.5.3.7 Participation of Marketing Department in Decision-Making and Application of Marketing Activities

The ANOVA test and Post Hoc test were used here in order to see if a relationship exists between marketing activity and the degree of a marketing department's participation in decision-making in the Saudi manufacturing sector. In other words, the objective of using this procedure was to test the null hypothesis that there is no significant difference between the participation of a marketing department in decision-making and application of marketing activities in the Saudi manufacturing sector. In order to conduct the test, the degree of a marketing department's participation in decision-making (v20) was divided into three groups: weak participation, satisfactory participation, and high participation. Table 6.60 shows the mean and the standard deviation for each group. As can be seen, the highest mean was for marketing departments with high participation and the smallest mean was for departments with weak participation. The mean for each group was 2.0667, 2.5422, and 3.1031 respectively, with standard deviation 0.6254, 0.7297, and 0.5885 respectively.

**TABLE 6.60**  
**One-way Descriptive Mean and Std. Deviation for Participation in Decision-Making and Application of Marketing Activities**

<b>Participation in Decision-Making</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
Weak Participation	7	2.0667	0.6254
Satisfactory Participation	45	2.5422	0.7297
High Participation	97	3.1031	0.5885
<b>Total</b>	<b>149</b>	<b>2.8850</b>	<b>0.7053</b>
(Missing) No Marketing Department	84		

Table 6.61 shows the results of the ANOVA test. As can be seen, the *P* value is 0.00. As the *P* value is significant (lower than 5%), we can reject the null hypothesis that there is no significant difference between the participation of

marketing departments in decision-making and the application of marketing activities in the Saudi manufacturing sector. In other words, the degree of a marketing department's participation in decision-making impacts on the application of marketing activities in the Saudi manufacturing sector.

**TABLE 6.61**  
**The ANOVA Test for Participation in Decision-Making and Application of Marketing Activities**

	Sum of Squares	Df	Mean Squares	F	Sig.
Between Groups	14.589	2	7.294	18.042	0.000
Within Groups	59.028	146	0.404		
Total	73.617	148			

Table 6.62 shows the results of the Post Hoc (Tukey) test for the same variables. As can be seen, there is a mean difference between high participation and both weak and satisfactory participation, the *P* values for both being 0.000. However, there is no mean difference between weak participation in marketing and satisfactory participation, the *P* value being 0.439. Based on these results, we can conclude that where there is marketing department participation in strategic decision-making, it aids marketing managers to use and apply modern marketing methods in a company.

**TABLE 6.62**  
**Post Hoc Test (Tukey) Multiple Comparisons for Participation in Decision-Making and Application of Marketing Activities**

Dependent Variable	(I) Participation in Decision Making	(J) Participation in Decision Making	Mean Difference (I-J)	Std. Error	Sig.
Mean of the Sum Total for Application of Marketing Activities	Weak	satisfactory	-0.4756	0.2583	0.156
		High	-1.0364*	0.2488	0.000
	satisfactory	Weak	0.4756	0.2583	0.156
		High	-0.5609*	0.1147	0.000
	High	Weak	1.0364*	0.2488	0.000
		satisfactory	0.5609*	0.1147	0.000

\*The mean difference is significant at the .05 level

### 6.5.4 Hypothesis Four

**There is no significant difference between the characteristics of a company and the belief in the benefit of marketing concepts on the Saudi manufacturing sector.**

In order to test this hypothesis, the one-way analysis of variance test (ANOVA) and the Kruskal-Wallis tests were conducted to ascertain if there were statistically significant differences in the responses of the study sample based on the variables of company characteristics. In this study, seven dependent variables (v29–v35) were tested and analysed for this hypothesis. As mentioned in hypothesis three, there are eleven independent characteristics for each company (v11 – v21).

Table 6.63 shows the results of the one-way ANOVA and the Kruskal-Wallis tests for the variables. Both tests were carried out at 5 percent significance level. As can be seen, there were no significant differences between most of the groups in response to most of the variables related to perception of the benefit of marketing concepts in manufacturing companies in the Saudi private sector (significant *p* values shown in bold).

**TABLE 6.63**  
**One-Way-ANOVA Test and the Kruskal-Wallis Tests for Impact of Company Characteristics on Perception of the Benefit of Marketing Concepts**

Variables	Manuf. Sector		Ownership		Legal form of Org.		Type of Prod.		Number of Prod		Number of employees	
	A	KW	A	KW	A	KW	A	KW	A	KW	A	KW
V29	.550	.615	<b>.004</b>	<b>.002</b>	.320	.315	.818	.877	.203	.118	.449	.326
V30	.751	.916	<b>.008</b>	<b>.004</b>	<b>.057</b>	<b>.035</b>	.966	.968	.742	.700	<b>.028</b>	<b>.028</b>
V31	.165	.213	.402	.327	<b>.013</b>	<b>.013</b>	<b>.040</b>	<b>.042</b>	<b>.001</b>	<b>.001</b>	<b>.000</b>	<b>.000</b>
V32	.989	.988	<b>.028</b>	<b>.030</b>	.080	.138	.861	.708	.076	.061	<b>.000</b>	<b>.000</b>
V33	.727	.542	.292	.224	<b>.029</b>	<b>.031</b>	.531	.750	<b>.012</b>	<b>.049</b>	<b>.000</b>	<b>.000</b>
V34	.916	.861	<b>.037</b>	<b>.015</b>	<b>.009</b>	<b>.022</b>	.470	.470	.751	.838	<b>.000</b>	<b>.001</b>
V35	.230	.236	.462	.330	.234	.275	.424	.208	.585	.618	<b>.001</b>	<b>.003</b>

A= one-way ANOVA Test & KW =Kruskal-Wallis Test



**TABLE 6.63**  
**(Continued)**

Variables	Total Investment		The competition		Marketing Dept.		Part. in decision making		Which Dept. Conducts MA*	
	A	KW	A	KW	A	KW	A	KW	A	KW
V29	.462	.387	.304	.088	.258	.266	.214	.238	.470	.382
V30	.209	.135	.925	.552	.103	.126	.009	.017	.316	.325
V31	.000	.000	.143	.150	.001	.001	.008	.007	.005	.007
V32	.004	.004	.202	.147	.006	.004	.005	.005	.035	.031
V33	.022	.014	.025	.050	.018	.012	.002	.003	.050	.039
V34	.011	.015	.141	.180	.230	.186	.177	.163	.391	.310
V35	.001	.002	.499	.478	.026	.018	.102	.072	.190	.152

A= one-way ANOVA Test & KW =Kruskal-Wallis Test. MA= Marketing Activities

Number of employees (v16) and total investment (v17) were the characteristics showing most significant difference, manufacturing sectors did not show any significance. Each of the following variables: ownership (v12), legal form of organisation (v13), availability of marketing department (v19), and participation in decision-making (v20) had four significant impacts. Table 6.63 shows the results of the dependent variables. Market segmentation (v31) and production differentiation (v33) were the variables with most impact on manager characteristics. Each (v31 & v33) had eight significant differences. Market oriented (v29) was the variable with lowest impact on company characteristics as it has only one significant difference.

In general, Table 6.63 shows thirty-four significant values out of seventy-seven products (eleven characteristics and fourteen variables) which is 44.16%. Based on the observed significance level of the ANOVA test and the Kruskal-Wallis tests, we cannot reject the null hypothesis that there is no significant difference between the majority of company characteristics and perceiving the benefiting marketing concepts in manufacturing companies in the Saudi manufacturing sector. In order to reach meaningful results related to this hypothesis, the researcher selected a number of characteristics to understand the relationship between these variables and

manufacturing companies' opinion of the benefit of marketing concepts in the Saudi manufacturing sector. Five characteristics were chosen and defined as a sub-hypothesis for this section. The following sub-sections present the statistical results of testing these variables.

#### **6.5.4.1 Ownership and Belief in the Usefulness of Marketing Concepts**

In order to understand the relationship between ownership and belief in the usefulness of marketing concepts of companies, the two independent sample *t*-test was used. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between Saudi companies and joint/foreign companies benefiting from marketing concepts in the Saudi manufacturing companies. In order to conduct the test, company ownership (v12) was divided into two groups. The first group had one hundred and eighty-two Saudi companies, the second group had fifty-one foreign and joint venture companies (forty-five joint ventures and six foreign). The test was carried out at the 5 percent significance level.

Table 6.64 shows the results of the two independent sample *t*-test. As can be seen, the mean for Saudi companies is 2.6185, while the mean for joint/foreign companies is 2.8095. The standard deviation for the Saudi group is 0.9102, the standard deviation for the joint/foreign companies is 0.9296. Moreover, Table 6.64 shows that the *p* value is 0.189, which is greater than our 5% test significance level. Since we have a non-significant result, we cannot reject the null hypothesis that there is no difference between Saudi companies and joint/foreign companies in their belief in the benefit of marketing concepts in manufacturing companies in the Saudi private sector. Many empirical studies have investigated this issue, Hildebrandt and Wiess (1995) have reached the same result, but the majority were not consistent with what

has been found in this study (Akaah et al., 1988; Appiah-Adu, 1998; Aydin & Terpstra, 1981; Cavusgil, & Yavas, 1984; Dazie & Lee, 1991; Fahy et al., 2000; Hammad, 1991). The discussion for this point will be in chapter seven.

**TABLE 6.64**  
**The Two Independent-Sample *t*-test Results Between Saudi and Joint or Foreign Owned Firms and Belief in the Usefulness of Marketing Concepts**

Firm's Ownership	N	Mean	Std. Deviation	SE. Mean	t-test for Equality of Means		
					t	df	Sig. (2-tailed)
Saudi	182	2.6185	.9102	.06747	-1.318	231	.189
Foreign/Joint	51	2.8095	.9296	.1302			

#### 6.5.4.2 Type of Product and Belief in the Usefulness of Marketing Concepts

The relationship between type of product and belief in the usefulness of marketing concepts in the Saudi manufacturing sector was analysed by ANOVA test. The test was carried out at a 5 percent significance level. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between type of product and belief in the usefulness of marketing concepts in the Saudi manufacturing sector. In order to conduct the test, type of product (v14) was divided into three groups: consumer productions, industrial productions and both consumer and industrial productions. The first group had seventy-one companies, the second had one hundred and six companies while the third had fifty-six companies. Table 6.65 shows the results of the ANOVA test. As can be seen, the *P* value is 0.401.

As the *P* value is not significant (higher than 5%), we cannot reject the null hypothesis. Based on this result, we can conclude that there is no significant difference between type of product of manufacturing companies and a belief in the usefulness of marketing concepts in the Saudi manufacturing sector. However, this

result was not consistent with what has been found and discussed in the literature (Akaah et al., 1988; El-haddad, 1991; Hammad, 1991). This result will be discussed in chapter seven.

**TABLE 6.65**  
**The ANOVA Test for Type of Product and Belief in the Usefulness of Marketing Concepts**

Type of Product	Sum of Squares	Df	Mean Squares	F	Sig.
Between Groups	1.540	2	.770	.917	0.401
Within Groups	193.088	230	0.840		
Total	194.628	232			

\*Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

#### **6.5.4.3 The Number of Employees as Company Size and Belief in the Usefulness of Marketing Concepts**

The ANOVA test and Post Hoc test (multiple comparisons) were used here in order to understand the relationship between belief in the usefulness of marketing concepts and the number of employees (v16) in the Saudi manufacturing sector. In other words, the objective of using this procedure was to test the null hypothesis that there is no significant difference between number of employees and belief in the usefulness of marketing concepts in a Saudi manufacturing company. In order to carry out the test, as mentioned in the previous section, the researcher used the Saudi Consulting House classification, which was divided into three groups.

Table 6.66 shows each group and its mean and standard deviation. As can be seen, the first group had 65 small companies, the second group had 137 medium companies, and the third group had 31 large companies. The third group had the highest mean 3.2719, and the first group had the lowest mean 2.3429. The standard deviation for each group was 1.0034, 0.8584, and 0.6274 respectively.

**TABLE 6.66**  
**One-way Descriptive Mean and Std. Deviation for Number of Employees and Belief in the Usefulness of Marketing Concept**

<b>Number of Employees</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
50 and Less	65	2.3429	1.0034
Between 51-500	137	2.6726	0.8584
More Than 500	31	3.2719	0.6274
<b>Total</b>	<b>233</b>	<b>2.6603</b>	<b>0.9159</b>

Table 6.67 shows the results of the ANOVA test. As can be seen, the *P* value is 0.000. As the *P* value is significant (lower than 5%), we can reject the null hypothesis that there is no significant difference between number of employees and belief in the usefulness of marketing concepts in Saudi manufacturing sector. In other words, the company size by number of employees impacts on belief in the usefulness of marketing concepts in the Saudi manufacturing sector.

**TABLE 6.67**  
**The ANOVA Test for Number of Employees and Belief in the Usefulness of the Marketing Concept**

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Squares</b>	<b>F</b>	<b>Sig.</b>
Between Groups	18.166	2	9.083	11.839	0.00
Within Groups	176.462	230	.757		
Total	194.628	232			

\* Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

Table 6.68 shows the results of the multiple comparisons (Post Hoc test) for the same variable and identifies where there is a significant difference between these categories. As can be seen, there is a significant difference between each group with all *P* values being significant. As the mean for large companies is the highest and the smallest companies have the lowest mean, we can conclude that as employee number increases this positively impacts on the application of marketing activities in manufacturing companies.

**TABLE 6.68**  
**Post Hoc Test (Tukey) Multiple Comparisons for Number of Employees and Belief in the Usefulness of Marketing Concept**

<b>Dependent Variable</b>	<b>(I) Number of Employees</b>	<b>(J) Number of Employees</b>	<b>Mean Difference (I-J)</b>	<b>Std. Error</b>	<b>Sig.</b>
<b>Mean of the Sum Total for Belief in the Usefulness of Marketing Concepts</b>	50 and Less	Between 51-500	-0.3297*	0.1319	0.033
		More Than 500	-0.9290*	0.1912	0.000
	Between 51-500	Less Than 20	0.3297*	0.1319	0.033
		More Than 500	-0.5993*	0.1742	0.002
	More Than 500	50 and Less	0.9290*	0.1912	0.000
		Between 51-500	0.5993*	0.1742	0.002

\*The mean difference is significant at the .05 level

#### **6.5.4.4 Company Size by Total Investment and Belief in the Usefulness of Marketing Concepts**

The ANOVA test and Post Hoc test were used to reveal the relationship between investment capital total (v17) and belief in the usefulness of marketing concepts in the Saudi manufacturing sector. In other words, the objective of using this procedure was to test the null hypothesis that there is no significant difference between investment capital total and belief in the usefulness of marketing concepts in the Saudi manufacturing sector. In order to carry out the test, total investment (v17) was divided into three groups and the researcher used Saudi Consulting House classification. Table 6.69 shows each group with its mean and standard deviation.

**TABLE 6.69**  
**One-way Descriptive Mean and Std. Deviation for Total Investment and the Usefulness of Marketing Concept**

<b>Investment</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>
5 Million and Less	53	2.3396	0.8781
6-100 Million	141	2.6444	0.9295
more Than 100 Million	39	3.1538	0.6994
<b>Total</b>	<b>233</b>	<b>2.6603</b>	<b>0.9159</b>

As can be seen, the first group had 53 small companies, the second group had 141 medium-sized companies, and the third group had 39 large companies. Large

companies had the highest mean (3.1538), the small companies had the lowest mean (2.3396). The standard deviation for each group was 0.8781, 0.9295, and 0.6994 respectively. Table 6.70 shows the results of the ANOVA test. As can be seen, the *P* value is .000. As the *P* value is significant (lower than 5%), we can reject the null hypothesis that there is no significant difference between total investment and belief in the usefulness of marketing concepts in the Saudi manufacturing sector. In other words, the companies size by total investment impacts on belief in the usefulness of marketing concepts in the Saudi manufacturing sector.

**TABLE 6.70**  
**The ANOVA Test for Total Investment and Belief in the Usefulness of Marketing Concepts**

	Sum of Squares	Df	Mean Squares	F	Sig.
Between Groups	14.986	2	7.493	9.593	0.00
Within Groups	179.642	230	0.781		
Total	194.628	232			

\* Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

Table 6.71 shows the results of the (Post Hoc) multiple comparison tests for the same variables and identifies where there is a significant difference between these categories.

**TABLE 6.71**  
**Post Hoc Test (Tukey) Multiple Comparisons for Total Investment and Belief in the Usefulness of Marketing Concept**

Dependent Variable	(I) Investment	(J) Investment	Mean Difference (I-J)	Std. Error	Sig.
Mean of the Sum Total for Belief in the usefulness of marketing concepts	5 Million and Less	6-100 Million	-0.3048*	0.1424	0.082
		More Than 100 Million	-0.8142*	0.1865	0.000
	6-100 Million	5 Million and Less	0.3048*	0.1424	0.082
		More Than 100 Million	-0.5095*	0.1599	0.004
	More Than 100 Million	5 Million and Less	0.8142*	0.1865	0.000
		6-100 Million	0.5095*	0.1599	0.004

\*The mean difference is significant at the .05 level.

As can be seen, there is a significant difference between each group and all  $P$  values are significant. As the mean for the largest companies is the highest and the lowest is for the smallest (5 and less), we can conclude that where the investments are large they will impact positively on belief in the usefulness of marketing concepts in manufacturing companies.

#### **6.5.4.5 Existence of Marketing Department and Belief in Usefulness of Marketing Concepts**

In order to understand the relationship between availability of marketing department (v19) and belief in the usefulness of marketing concepts in manufacturing companies, the two independent sample  $t$ -test was used. The test was carried out at the 5 percent significance level. The main objective of using this procedure was to test the null hypothesis that there is no significant difference between the availability of marketing departments and the belief that marketing concepts are useful to Saudi manufacturing companies.

Table 6.72 shows the results of the two independent sample  $t$ -test. As can be seen, one hundred and forty-seven companies have marketing departments and eighty-six companies have not. The mean for companies, which have marketing departments, is 2.7872 with standard deviation 0.9012, the mean for companies which have no marketing department is 2.4354 with standard deviation 0.9038. The  $t$ -statistic is 5.858 and the degrees of freedom for the  $t$ -statistic is 231. The observed  $p$  value is 0.005 which is lower than our test significance level of 5 percent. As we have a significant result, we can reject the null hypothesis that there is no significant difference between the availability of marketing departments and the belief that marketing concepts are useful to Saudi manufacturing companies. In other words, the



availability of a marketing department in a company impacts on the company's positive opinion of the usefulness of marketing concepts in its work.

**TABLE 6.72**  
**The Two Independent-Samples *t*-Test Results for Existence of Marketing Department and Belief in the Usefulness of Marketing Concept**

Existence of Marketing Department	N	Mean	Std. Deviation	SE. Mean	t-test for Equality of Means		
					t	df	Sig. (2-tailed)
Yes	149	2.7872	0.9012	.07383	2.858	231	0.005
No	84	2.4354	0.9038	.09861			

### 6.5.5 Hypothesis Five

**Applying marketing know-how in manufacturing companies will not help to increase total sales in the Saudi manufacturing sector.**

In order to understand the relationship between the application of marketing activities and the company success based on sales, the ANOVA test and Post Hoc test were used. The main objective of using this procedure was to test the null hypothesis that applying marketing know-how in manufacturing companies will not help to increase total sales in the Saudi manufacturing sector. In order to conduct the test, the sales variable (v22a) was divided into three groups. The first group contained thirty-two companies with decreasing sales, the second group contained forty-three companies with stable sales, and the third group contained one hundred and fifty-eight companies with increasing sales. The test was carried out at the 5 percent significance level, and Table 6.73 shows the results. As can be seen, the companies with increasing sales had the highest mean (2.8975), the lowest mean was for companies with decreasing sales (1.9333). The standard deviation for each group was 0.8922, 0.9387, and 0.7301 respectively.

**TABLE 6.73**  
**The Mean and Std. Deviation Describing Company Sales Success**

Company Sales Success	N	Mean	Std. Deviation
Observing Decrease	32	1.9333	0.8922
About the Same	43	2.1411	0.9387
Observing increase	158	2.8975	0.7301
<b>Total</b>	<b>233</b>	<b>2.6255</b>	<b>0.8869</b>

Table 6.74 shows the results of the ANOVA test. As can be seen, the *P* value is 0.000. As the *P* value is significant (lower than 5%), we can reject the null hypothesis that applying marketing know-how in manufacturing companies will not help increase total sales in the Saudi manufacturing sector. In other words, applying marketing activities in the Saudi manufacturing sector will help companies to increase their total sales.

**TABLE 6.74**  
**The ANOVA Test for Company Sales Success and Application of Marketing Activities**

	Sum of Squares	Df	Mean Squares	F	Sig.
Between Groups	37.108	2	18.554	29.356	0.000
Within Groups	145.368	230	0.632		
Total	182.476	232			

\*Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

In order to identify where the difference is between these groups, the Post Hoc test (Tukey) was used. Table 6.75 shows the results of the Post Hoc test for the same variables. As can be seen, there is no significant difference between those companies observing a decrease and those observing about the same, as the *P* value is 0.502. However, there is a significant difference between companies observing an increase and both those remaining the same and those observing a decrease, because the *P* values are .000 and .000 respectively. As the mean for those companies observing an increase was the highest (as observed in Table 6.73), we can conclude that when the

manufacturing companies apply marketing activities, this will help them to increase their total sales.

**TABLE 6.75**  
**Post Hoc Tests Multiple Comparisons Dependent Variable for**  
**Company Sales Success and Application of Marketing Activities**

<b>(I) the Sales</b>	<b>(J) the Sales</b>	<b>Mean Difference (I-J)</b>	<b>Std. Error Mean</b>	<b>Sig.</b>
Observing Decrease	About the Same	-0.2078	0.1856	0.502
	Observing increase	-0.9641*	0.1541	0.000
About the Same	Observing Decrease	0.2078	0.1856	0.502
	Observing increase	-0.7564*	0.1367	0.000
Observing increase	Observing Decrease	0.9641*	0.1541	0.000
	About the Same	0.7564*	0.1367	0.000

\* The mean difference is significant at the .05 level

### 6.5.6 Hypothesis Six

**Applying marketing know-how in manufacturing companies will not help to increase total profit in the Saudi manufacturing sector.**

The ANOVA test and Post Hoc test (Tukey) were used to understand the relationship between the application of marketing activities and company success based on company profits. The main objective of using this procedure was to test the null hypothesis that the application of marketing know-how in manufacturing companies will not help to increase company profits in the Saudi manufacturing sector. As with the sales variable, the profits variable (v22b) was divided into three groups. Forty-nine companies were in the first group with decreasing profits, sixty-nine companies had stable profits and comprised the second group, and the third group had one hundred and fifteen companies with increasing profits. The test was carried out at the 5 percent significance level, and Table 6.76 shows the results. As can be seen, the companies with increasing profit had the highest mean (2.9229), the lowest

mean was for companies with decreasing profit (2.0898). The standard deviation for each group was 0.9344, 0.9164, and 0.7152 respectively.

**TABLE 6.76**  
**The Mean and Std. Deviation Describing Company Profit Success**

<b>The company's profits success</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Std. Error Mean</b>
Observing Decrease	49	2.0898	0.9344	0.1335
About the Same	69	2.5101	0.9164	0.1103
Observing increase	115	2.9229	0.7152	6.670E-02
Total	233	2.6255	0.8869	5.810E-02

Table 6.77 shows the results of the ANOVA test on the profits in Saudi manufacturing companies. As can be seen, the *P* value is 0.000. Based on the results, (the *P* value is lower than 5%), we can reject the null hypothesis that the application of marketing know-how in manufacturing companies will not help to increase profits in the Saudi manufacturing sector. In other words, the application of marketing activities in the Saudi manufacturing sector will help companies to increase their profits.

**TABLE 6.77**  
**The ANOVA Test for Company Profit Success and Application of Marketing Activities**

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Squares</b>	<b>F</b>	<b>Sig.</b>
Between Groups	25.151	2	12.576	18.385	0.000
Within Groups	157.324	230	0.684		
total	182.476	232			

Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

In addition, the Post Hoc test (Tukey) was used to identify the difference between these groups. Table 6.78 shows the results of the Post Hoc test. As can be seen, there is a significance difference between each group. The mean difference between companies observing a profit decrease and those with about the same is 0.4203 with *P* value 0.018. The mean difference between observing a decrease and observing an increase is 0.8331 with *P* value 0.000. There is also a significant

difference between companies with stable profit and those observing a decrease. The mean difference being 0.4128 with *P* value 0.003. As the mean for companies observing an increase was the highest and companies observing a decrease was the lowest (as observed in Table 6.76), we can conclude that when manufacturing companies apply marketing activities, it helps them to increase their profits.

**TABLE 6.78**  
**Post Hoc Tests Multiple Comparisons Dependent Variable for**  
**Company profit Success and Application of Marketing Activities**

<b>(I) the profits</b>	<b>(J) the profits</b>	<b>Mean Difference (I-J)</b>	<b>Std. Error Mean</b>	<b>Sig.</b>
Observing Decrease	About the Same	-0.4203*	0.1545	0.018
	Observing increase	-0.8331*	0.1411	0.000
About the Same	Observing Decrease	0.4203*	0.1545	0.108
	Observing increase	-0.4128*	0.1259	0.003
Observing increase	Observing Decrease	0.8331*	0.1411	0.000
	About the Same	0.4128*	0.1259	0.003

\*The mean difference is significant at the .05 level

### 6.5.7 Hypothesis Seven

**Applying marketing know-how in manufacturing companies will not help to increase market share in the Saudi manufacturing sector.**

In order to understand the relationship between the application of marketing activities and company success based on the market share of a company, the ANOVA test and Post Hoc test were used. The main objective of using this procedure was to test the null hypothesis that applying marketing know-how in manufacturing companies will not help to increase their market share in the Saudi manufacturing sector. As with the profits and total sales variables, the market share variable (v22c) was divided into three groups. The first group had twenty-nine companies with decreasing market share, the second group had seventy-three companies with stable

share, and the third group had one hundred and thirty-one companies with increasing market share. The test was carried out at the 5 percent significance level, and Table 6.79 shows the results. As can be seen, companies with increasing market share had the highest mean (2.9364), and the lowest mean was for companies with decreasing market share (1.8184). The standard deviation for each group was 0.8784, 0.9034, and 0.7159 respectively.

**TABLE 6.79**  
**The Mean and Std. Deviation Describing Company Market Share Success**

<b>company market share success</b>	<b>N</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Std. Error Mean</b>
Observing Decrease	29	1.8184	0.8747	0.1624
About the Same	73	2.3881	0.9034	0.1057
Observing increase	131	2.9364	0.7159	6.255E-02
Total	233	2.6255	0.8869	5.810E-02

Table 6.80 shows the results of the ANOVA test for market share of the Saudi manufacturing companies. As can be seen, the *P* value is 0.000. Based on the results, (the *P* value being less than 5%), we can reject the null hypothesis that applying marketing know-how in manufacturing companies will not help to increase market share in the Saudi manufacturing sector. In other words, applying marketing activities in the Saudi manufacturing sector will help companies to increase their sales, profits, and market share.

**TABLE 6.80**  
**The ANOVA Test for Company Market Share and Application of Marketing Activities**

	<b>Sum of Squares</b>	<b>Df</b>	<b>Mean Squares</b>	<b>F</b>	<b>Sig.</b>
Between Groups	35.666	2	17.833	27.938	0.000
Within Groups	146.810	230	0.638		
total	182.476	232			

\*Kruskal-Wallis test (Non-Parametric) was carried out and similar results were obtained.

In order to identify the difference between these groups, the Post Hoc test (Tukey) was used. Table 6.81 shows the results of the Post Hoc test for the same variables. There is a significant difference between each group, and *P* values are significant. As the mean for observing an increase was the highest and that of observing a decrease was the lowest (as observed in Table 6.79), we can conclude that when the manufacturing companies apply marketing activities, it helps them to increase their market shares. Generally speaking, and based on the previous results, we can reject the null hypothesis. Moreover, we can conclude that if marketing activities are applied in the Saudi manufacturing sector, company sales, profits, and market share will increase and make a company more successful.

**TABLE 6.81**  
**Post Hoc Tests (Tukey) Multiple Comparisons Dependent Variable**  
**for Company Market Share and Application of Marketing Activities**

(I) The Market Share	(J) The Market Share	Mean Difference (I-J)	Std. Error Mean	Sig.
Observing Decrease	About the Same	-0.5697*	0.1754	0.003
	Observing increase	-1.1180*	0.1640	0.000
About the Same	Observing Decrease	0.5697*	0.1754	0.003
	Observing increase	-0.5483*	0.1167	0.000
Observing increase	Observing Decrease	1.1180*	0.1640	0.000
	About the Same	0.5483*	0.1167	0.000

\*The mean difference is significant at the .05 level.

### 6.5.8 Hypothesis Eight

**There is no significant difference between perceptions of Saudi/non-Saudi marketing managers for impact the Saudi environmental factors (internal and external) on the application of marketing know-how in the Saudi manufacturing sector.**

As concluded in question four that marketing managers consider that the majority of Saudi environmental factors (external and internal) are not barriers to the

employment of marketing know-how in the Saudi manufacturing sector. However, two third of marketing managers in the Saudi manufacturing sector are non-Saudis. Therefore, the objective of using this hypothesis was to compare between the considerations of Saudi/non-Saudi about Saudi environmental factors whether they are obstacles to the application of marketing know-how or not. In order to understand the relationship between the perceptions of Saudi/non-Saudi marketing managers relating to the impact of the Saudi environmental factors on marketing activities, the two independent sample *t*-test was used.

The main objective of using this procedure was to test the null hypothesis that there is no significant difference between Saudi and non-Saudi managers for their attitudes toward the Saudi environmental factors. As mentioned in question four, there are eight external environmental factors variables (from q36 to q43) and nine internal environmental factors variables (from q44 to q52). Moreover, marketing manager nationality (v2) was divided into two groups. The first group had eighty-one Saudi managers, while the second group had one hundred and fifty-two non-Saudi managers. The test was carried out at the 5 percent significance level. Table 6.82 shows the results of the two independent sample *t*-test for the seventeen variables which were defined in question four. As can be seen, there were no significant differences between Saudi and non-Saudi managers in most variables related to the Saudi environmental factors (significant *p* values shown in bold). On the other hand, both Saudi and non-Saudi marketing managers have the same perception toward the impact of 14 out of 17 Saudi environmental factors on the application of marketing know-how in the Saudi manufacturing sector. The three variables about which the Saudi and non-Saudi marketing managers had different perceptions included the stagnancy of governmental measures on commercial activities (v38), lack of



encouragement from top management (v46), and lack of opportunities for participations in the decision-making (v47).

**TABLE 6.82**  
**The Two Independent-Samples *t*-Test Results**  
**For perception of Saudis and Non-Saudis about Saudi Environmental**  
**Factors in the Application of Marketing Know-How in the Saudi**  
**Manufacturing Sector**

Variables	Manager's Nationality	N	Mean	Std. Deviation	t-test for Equality of Means		
					t	df	Sig. (2-tailed)
Q36	Saudi	81	2.0370	1.1773	0.567	231	0.571
	Non Saudi	152	1.9408	1.2619			
Q37	Saudi	81	1.7407	1.2921	1.149	231	0.252
	Non Saudi	152	1.5329	1.3268			
Q38	Saudi	81	2.4321	1.3128	4.077	231	<b>0.00</b>
	Non Saudi	152	1.6842	1.3442			
Q39	Saudi	81	1.2346	1.1966	-1.650	231	1.00
	Non Saudi	152	1.5197	1.2866			
Q40	Saudi	81	0.8889	1.1937	-0.986	231	0.325
	Non Saudi	152	1.0592	1.2879			
Q41	Saudi	81	2.4074	1.2726	1.948	231	0.053
	Non Saudi	152	2.0592	1.3134			
Q42	Saudi	81	2.5926	1.2726	0.888	231	0.376
	Non Saudi	152	2.4408	1.2274			
Q43	Saudi	81	2.7407	1.1267	-0.967	231	0.335
	Non Saudi	152	2.8947	1.1746			
Q44	Saudi	81	1.7284	1.1833	-0.922	187.606	0.358
	Non Saudi	152	1.8882	1.3932			
Q45	Saudi	81	1.3951	1.2112	-1.608	192.283	0.110
	Non Saudi	152	1.6842	1.4712			
Q46	Saudi	81	1.3086	1.1794	-2.280	188.764	<b>0.024</b>
	Non Saudi	152	1.7039	1.3993			
Q47	Saudi	81	1.4444	1.2042	2.109	193.003	<b>0.036</b>
	Non Saudi	152	1.8224	1.4698			
Q48	Saudi	81	1.8889	1.2649	-0.466	231	0.642
	Non Saudi	152	1.9737	1.3517			
Q49	Saudi	81	1.8889	1.2748	-1.018	231	0.310
	Non Saudi	152	2.0724	1.3278			
Q50	Saudi	81	2.1358	1.3015	-0.838	231	0.403
	Non Saudi	152	2.2895	1.3502			
Q51	Saudi	81	1.6667	1.1832	-1.110	231	0.268
	Non Saudi	152	1.8684	1.3891			
Q52	Saudi	81	2.5062	1.3613	1.075	231	0.283
	Non Saudi	152	2.2961	1.4505			

With regard to the stagnancy of governmental measures on commercial activities, only the Saudi marketing managers perceived that this variable was a barrier to the application of marketing know-how in the Saudi manufacturing sector. On the other hand, with regard to both lack of encouragement from top management (v46), and lack of opportunities for participation in decision-making (v47), only the non-Saudi marketing managers perceived that they were barriers to the application of marketing know-how in the Saudi manufacturing sector. In order to verify this conclusion and to get the best result regarding the above hypothesis, the one sample *t*-test was conducted to test the total mean of Saudi environmental variables. The main objective of this procedure is to test the null hypothesis that there is no significant difference between the perceptions of Saudi/non-Saudi marketing managers towards the impact of Saudi environmental factors (internal and external) on the application of marketing know-how in the Saudi manufacturing sector.

Table 6.83 presents the results of *t*-tests. The test was carried out at a 5 percent significance level. As can be seen, the mean for Saudi managers is 1.8845 while the mean of non-Saudi managers is 1.9139. The standard deviation for the Saudi managers group is .6212, while the standard deviation for the non-Saudi managers group is .7897 and the *P* value is 0.756. As the *P* value is not significant (higher than 5%), we cannot reject the null hypothesis. Based on this result, we can conclude that there is no difference between Saudi and non-Saudi managers in their perceptions about the impact of environmental factors in the Saudi manufacturing sector. In other words, both Saudi and non-Saudi marketing managers perceive that the majority of Saudi environmental factors (internal and external) are not barriers to the application of marketing know-how in the Saudi manufacturing sector. The discussion for these variables will be in chapter seven.

**TABLE 6.83**  
**The Two Independent-Samples *t*-Test Results**  
**For perception of Saudis and Non-Saudis about Total of Saudi**  
**Environmental Factors in the Application of Marketing Know-How**  
**in the Saudi Manufacturing Sector**

Manager's Nationality	N	Mean	Std. Deviation	SE. Mean	t-test for Equality of Means		
					t	df	Sig. (2-tailed)
Saudi	81	1.8845	.6212	.06902	-.311	199.057	0.756
Non Saudi	152	1.9139	.7897	.06427			

## 6.6 Result of the Qualitative Study

As discussed in the previous chapter, the primary data in this study was collected by two methods. A quantitative study by means of a mail questionnaire was the main method, the second method was a qualitative study by means of personal interviews. The objective of using personal interviews was to complement the quantitative study and examine several issues in more detail than is possible in a mailed questionnaire. Although it is difficult to arrange meetings in Saudi Arabia, thirty companies were chosen at random for an in-depth interview. In the end, only seven companies agreed. The majority of interviewees said that they preferred to keep their name and their company name confidential. Each interview lasted about one hour, and concentrated on the issues arising from the research. The researcher was able to obtain more detailed information because he encouraged the interviewees to explain freely their company's problems or its characteristics. The major findings of the seven interviews are shown in Table 6.84 and the interviews are described below.

### 6.6.1 First Interview

The first interview was with the marketing manager of a company manufacturing paper and print. The interviewee has a Bachelors Marketing degree in

1990 from an England university. He is from Lebanon and has experience in business administration with two companies in Lebanon. Moreover, the interviewee participated in two marketing training programmes when he was in Lebanon. In 1995, the interviewee transferred to this company and worked as the sales manager in the company. Due to a change in the organisation structure of the company, the marketing department was opened and the interviewee has been the manager since 1997.

According to the interviewee, his company's total finance is about SR 15 million and its manpower 36 employees. The ownership of the company is 100% Saudi and its legal form is a sole proprietorship. The company manufactures two kinds of product: consumer and industrial. Examples are: dining table napkins, calculator rolls, commercial print, toilet paper, and lined carton for lubricants or powder packing.

The interviewee believes that marketing concepts are usually useful in every business and very important for products on sale in the market. The Marketing department participates in organisational decision-making, which is unusual. However, marketing activities are not satisfactorily applied in his company, because of the attitude of the top manager in the company towards production. The interviewee learned and acquired a lot of new ideas of modern marketing when he was in England and Lebanon but there is no encouragement from top management for his initiatives. The difference between the executives in the culture and tradition, as the marketing manager perceives, is the main reason for the lack of the encouragement from top management. This opinion was consistent with what has been found and discussed in the literature (El-Haddad, 1986; Kale, 1986; Kolter, 1991; Samiee, 1993; Yavas & Cavusgil, 1989).

Moreover, the interviewee emphasized that the information about markets, competition and customers is very limited in the company. He therefore believed that

these reasons were the main barriers to applying marketing activities in many companies. Regarding the state of the company, he indicated that sales were not stable, profits were very weak, and that market shares had decreased because competition was very high in the Saudi markets. He suggested that marketing training programmes should not only be for marketing department staff, rather, every worker in the company needs a short course, particularly the top management. The importance of training programmes in the marketing field was consistent with what has been found and discussed in the literature (Bennett, 1998; Deng, 1994; El-Haddad, 1991; El-Masree, 1996; Hammad, 1991; Yavas & Cavusgil, 1989). More detail will be discussed in chapter seven.

### **6.6.2 Second Interview**

The assistant marketing manager of an industrial furniture company was the subject of the second interview because the marketing manager had been on holiday for the previous three months. The interviewee is from Saudi Arabia and he received a Bachelors degree in management from the King Saud University in 1984. He had worked as a civil servant for eight years before transferring to his present company in 1992. He participated in two marketing training courses three years ago, while he was planning to get another course next year with two persons in his department.

This company, as the respondent said, produces wooden bedroom furniture, dining rooms, children's beds, office furniture, tables, various wooden chairs and Arabian sofa sets. The owners of this company are Saudis and its legal form is limited liability. The company was established in 1983 with SR 10 million and its manpower was 31 employees, while at the current this time its total finance is more than SR 100 million and it employs more than 400 employees. According to the interviewee, his company participates in marketing activities and tries to adopt ideas that encourage

customers to know more about its products and services. He believes that many marketing concepts are useful to his company and his manager believes this as well. The interviewee mentioned that in spite of the high competition in the Saudi market, sales and profits have increased in his company. However, their market share has not changed because the Saudi markets are growing annually.

The interviewee defined five main barriers in the Saudi environment. The stagnancy of governmental measure on commercial activities is the first barrier because this system has existed without change since 1981. The second is the strong competition in the Saudi market, particularly in wood products. Unfortunately, the quality of the products in this sector has dropped because the majority of companies have cut their costs and price to capture more sales and market share in Saudi market. In his opinion, the lack of formal marketing education in Saudi Arabia was the third obstruction to the application of marketing activities in the Saudi manufacturing sector. For instance, no Saudis in his company have a Bachelors degree in marketing, and the majority of employees in the marketing department are from other countries with different traditions, language, and mentality. This point was consistent with hammed & Baglaf (2001) which has been discussed in chapter two and four.

The fourth barrier is the short-term profit strategy because every company tries to achieve profit as soon as it can and tends to ignore long-term marketing planning. Finally, some of the infrastructure in the Saudi environment is very weak and needs to be developed unless it is to continue to prevent the introduction of modern marketing practices. For instance, the postal system is inadequate and has not seen the same rate of development as have other sectors in the country. The conclusion is that postal services need to be expanded and modernised because fully one third of all cities and villages in the country are not covered by the postal services. The lack of sufficient

infrastructure is consistent with many companies in developing countries (Amine & Cavusgil, 1986; Hammad, 1991; Ogwo, 1987; Samiee, 1993; Strizzi & Kindra, 1998). These points will be discussed in the next chapter.

### **6.6.3 Third Interview**

The third interview was held with the marketing manager of a large company manufacturing paint. The interviewee is from the United States. He had a Masters degree in marketing and has more than fifteen years experience in marketing as well. He has participated in more than eight training programmes. He was a lecturer in three of these programmes. He has worked in this company since 1993. The interviewee mentioned that his department participates fully in organisational decision-making. He was very interested in this research and its results. He also welcomed this interview and made many suggestions with regard to the Saudi environment.

The company works in the manufacture of paints, varnishes and lacquers. It is a joint venture company between Kuwait, Denmark and Saudi Arabia. It was established in 1972 and expanded in 1994. The company headquarters are in Dammam, while the company has branches in more than twenty cities in Saudi Arabia. The company's productive capital is more than SR 110 million and the work force in the company is currently more than 550 employees. The company produces more than fifteen kinds of paints and plans to increase production in the next year. The interviewee mentioned that, in the last five years, company sales and profits have increased rapidly, but its market share has increased very slowly.

According to the interviewee, the company usually implements marketing activities. The marketing manager supports the use of marketing concepts and encourages his assistants to understand and adopt them in their jobs. The barriers, in his opinion, are some of the traditions in the Saudi environment. Moreover, there is a

shortage of marketing information and there is unfortunately very little reliable data on the Saudi environment. As he mentioned, periodicals on marketing are lacking in Saudi academic libraries except for the King Fahad University and the Public Management Institute. The Internet in Saudi Arabia is very new and frequently breaks down. Marketing managers of companies look for articles or new ideas on marketing to modify them for their companies. The interviewee's point related to the shortage of marketing information in Saudi Arabia was consistent with what has been found and discussed in literature (Al-Naeem, 1997; El-Haddad, 1986; Tuncalp, 1988; Yavas et al., 1991). The discussion for these points will be in chapter seven.

The interviewee introduced many suggestions with regard to marketing in the Saudi environment. His first suggestion was to establish a private institute in Marketing Science, similar to those found in the United States or Europe, which would award a diploma in areas of marketing. Second, he believed that it was necessary to coordinate between the Ministries, the academics and companies in the Saudi environment to collect reliable data and encourage research. Although the King Fahad University and the Public Management Institute have marketing departments, neither of them publish marketing magazines. He suggested that Saudi academics should publish a marketing periodical (in Arabic and English) which could be subsidised by companies as it could carry their advertising and encourage them to participate in research and other new ideas.

#### **6.6.4 Fourth Interview**

The marketing manager in the fourth interview was from Saudi Arabia. He graduated with a Bachelors degree in Business Administration from the United States in 1994. His company is working in the manufacturing of biscuits and food products. The interviewee was one of the first to work in this company. Although he has only



five years experience, he is trying to apply everything that he learned in the United States or from his two training courses in marketing skills. The interviewee no longer participates in marketing training courses because he is very busy in the company, and he is looking forward to attending training courses in progressive marketing programmes. From next year, as the interviewee mentioned, he will periodically send his employees on training courses if he found good programmes because he values the role of training courses in the marketing field.

According to the interviewee, the company is one of the biggest companies in the manufacturing of biscuits and food products. The ownership of the company is 100% Saudi and it is a joint stock company. The company's total finance is about SR 104.20 million and there are more than 600 employees. Its products are available in every city in Saudi Arabia and Gulf Corporation Council. It produces many kinds of biscuits, cakes, macaroni and various powdered foods. The marketing department in the company is very important and participates in strategic decision-making.

The interviewee mentioned that the top manager in the company encourages him and provides him with the tools and a suitable budget for marketing activities. The interviewee meets with the top manager for more than two hours weekly and they discuss how to market the productions successfully and increase market demand. This position, as the interviewee said, encourages the marketing department to plan and apply new ideas and activities which have helped the company to be successful. The interviewee believed that marketing concepts were very useful in any business company. Although his company has been highly successful in the last four years, he is not satisfied because he thinks demand was also very high. He is planning to achieve more profit and capture more of the Saudi market share. When the researcher asked the interviewee about religion or tradition and whether they presented barriers

to manufacturing companies, he replied "absolutely not". His opinion was consistent with many religious scholars in Saudi Arabia (Al-Muslih, 1998; Ibn Uthaymeen, 1999; Scientific Academy of Islamic Fiqh, 2000; The Fatwa Permanent Committee, 1996). However, only two scholars did not agree with him. The discussion will be in chapter seven.

The interviewee believed that there were three main barriers which negatively affect his aims. The first barrier, as the interviewee believed, was the stagnancy of governmental measures on commercial activities. He believes that the commercial systems are very old and must be renewed to make them more suitable for the new century. Unfortunately, every new product name has to be sent to the ministry for approval. This procedure costs the company time, money, and effort. The Ministry of Commerce is known to refuse product names. Moreover, as the Saudi environment does not provide formal marketing education, many companies accept personnel with a management major in any field. However, companies are confronted with a raft of procedures when they want to bring a specialist person to any job with a marketing function.

The second barrier was the lack of advanced training programmes in marketing field. Many of training programmes in marketing are a relatively weak because, as perceived the interviewee, many of its general topics and irrelevant to the real marketing needs in Saudi Arabia. The third barrier was the absence of formal marketing education in Saudi Arabia. There are many business administration and management graduates in Saudi Arabia but a minority of them have a marketing degree. The interviewee suggested that the colleges of management in Saudi Arabia should introduce a Masters degree in marketing to reduce the gap between the

companies' needs for marketing majors and the absence of formal marketing education in Saudi Arabia.

### **6.6.5 Fifth Interview**

The general manager of a manufacturer of construction materials was the fifth to be interviewed. He is one of the three owners of this company. Unfortunately, the interviewee re-scheduled the interview many times because he was very busy. Therefore, this interview was conducted during lunchtime. The interviewee had a high school education which ended in 1972, and has thirty-seven years of work experience in the government sector and companies. The company works in the concrete blocks and pipes sector. The company is small, its capital being less than three million Saudi Riyals and its manpower 23 employees. The company only has three departments with top management: the finance, labour and sales departments. The researcher wanted to ascertain who had completed the questionnaire. The interviewee answered that owing to the company having no marketing manager, he had completed the questionnaire.

The interviewee believes that the construction sector in the Saudi market needs three things: good products, low price and smart salesmen. Good products will advertise themselves, low prices will increase sales, while smart salesmen encourage the customers to come again. Therefore, the interviewee does not need marketing activities and he thinks that marketing concepts are philosophising in books. When the researcher asked the interviewee about the impact of environment conditions in Saudi market, the interviewee thought that the main barriers to his company's success were the competition in the Saudi markets and the stagnancy of governmental measures on commercial activities. According to the interviewee, there were only three companies in 1979 working in the construction sector in the Dammam area, while now there are thirty-one companies working in the same area. The interviewee thought that the weak

system of the ministry did not organize the capacity of every industrial sector in every city. For these reasons, (because competition is very high and demand has changed), the company's sales have fallen over the last three years and their profit is not as good as it used to be.

### **6.6.6 Sixth Interview**

The sixth interview was with the sales manager of a company manufacturing minerals and home products. The sales manager is Palestinian, and graduated with a Bachelors degree in management from an Egyptian university in 1985. He worked in Egypt for three years as a salesman and transferred to this company as a salesman as well. In 1993 he was nominated to be sales manager in this company. During the last six years, he has taken three training courses in marketing and sales. Therefore, his experience is focused on marketing and sales skills. The interviewee realizes the importance of marketing concepts and he tries to use marketing activities in his company.

According to the interviewee, this company is 100% foreign-owned. The company was established in 1989 by four owners from Palestine. The company produces aluminium housewares and kitchen wares. The interviewee has worked for this company since it was founded. Although the company was very small, with SR.1.5 million and 22 employees, it was successful. However, in the last five years ago, the company has not found real success. Sales have increased and profits have dropped.

The interviewee mentioned that there are many reasons for this fall. The first reason was the change in the Saudi market. At the beginning of 90s, the demand for these products in the Saudi market increased because the competition was not intensive. However, by 1995, there were many companies in the market with the same

ranges of product. Although the company's products are satisfactory and their prices are acceptable, demand has fallen year after year. Second, the centralized system in the company prevents any department from participating in decision-making and producing strategic plans for the company. The top management in the company does not care about the many suggestions from the employees in the company. Moreover, the managers of departments do not participate in decision-making. This point was consistent with what have been found in the literature review (Bennett, 1998; Deng, 1994; El-Haddad, 1991; El-Masree, 1996; Hammad, 1991; Yavas & Cavusgil, 1989). This result will be discus in chapter seven.

The third reason was that the company policies are stagnant. Although the top management recognizes that competition with their products is very high and that supply is greater than demand, they refuse to change their policies. They refuse instalment payments, marketing research, or to allow a budget for advertising. They resist any new concepts in marketing activities. They focus on production tasks rather than marketing tasks. The top management looks for profits only in the short term. They are introducing discounts to increase sales without studying the market, customers, or the competition. The sales manager believed that all these reasons were barriers to applying marketing activities in his company. The interviewee recognizes the role of marketing in any company but he can not apply many marketing activities in his own company.

### **6.6.7 Seventh Interview**

The last interview was conducted with the general manager of a joint venture company. This interview lasted for more than one hour because the interviewee was very cooperative and welcomed questions. Company ownership is 40% Saudi, with the remainder from Syria, Kuwait, and Sudan. The company is big because its capital

is SR 147 million, with about 450 employees. It produces plastic products and is growing year after year. The company's activity centers mainly on Jeddah with five branches in Makkah, Medina, Taif, Asire and Riyadh. Although this company is one of the biggest companies in the Jeddah area, it has no marketing department. The export market is not a main objective because the majority of the company's products are sold in Saudi Arabia.

The interviewee was from Sudan and graduated in Egypt in 1982. His major and his experience were both in production management. First, he worked as a foreman in the company's factory. For seventeen years, he progressed up the company structure until he became the general manager. Although he had no experience in the marketing field, he believes that marketing is very important for manufacturing companies, and he applies marketing activities in his company. The researcher asked him how he applies marketing activities if he has no experience and there is no marketing department in his company. He replied that he had attended four training courses in marketing skills, and there are a sales manager and nine sales agents in the company who have certificates in marketing and who had participated in a number of marketing training courses. Moreover, the top management in the company motivates these men in their work and accepts many of their ideas. The company had no marketing department, but the sales department is very active and is supported by new technology, a large budget, frequent up-to-date information, and participates in the main decision-making of the company.

The researcher discussed with the interviewee about the relationship between the Saudi environmental factors and the marketing activities in the company. The interviewee emphasized that the traditions and religion are not obstacles to using

marketing activities. He observed that many governmental measures on commercial activities in Saudi Arabia are better than in Egypt and Sudan.

However, the interviewee mentioned that there were only three main barriers to using marketing activities. The first barrier was the lack of stability in the policies and economy of the country. As this company was a joint venture, the owners were worried about differences between Saudi and non-Saudi companies. The second barrier was the lack of formal marketing education because the Saudi government encourages more Saudis to work in companies yet almost no Saudi has this major or has very good qualifications. Competition in the Saudi market was the third. There are many plastics companies in Saudi Arabia, particularly in Jeddah, Makkah, and Medina because the demand for products rises during the Pilgrimage and Ramadan seasons. Unfortunately, many companies store their products for these seasons or engage in a price war to increase sales. The retailers buy at a very low price and keep it in storage for the Pilgrimage and Ramadan seasons. Therefore, the company's plans are complicated by the instability of demand and the price-cutting of the competition. Previous studies were consistent with this point (e. g. Al-Enezee, Alhoamil, & Al-Ahmad, 1999; Al-Fehade, 1996). These results will be discussed in the next chapter.

### **6.6.8 Major Findings from the Interviews**

Table 6.85 shows the major findings of the seven interviews that were carried out. As can be seen, five companies have applied marketing activities numerous times and on a regular basis; they are the companies 2, 3, 4 and 7. In addition, the mean of the total of all variables of marketing activities is more than 2.0 except "v23 objective setting" and "v27c evaluation and control the profit of location". The most variables which were applied in these companies were "v26 the motivation & v28e evaluation and control the market cost". Regarding the usefulness of marketing concepts in

manufacturing companies, all interviewees agreed on the importance of concepts except one because he had not studied marketing management. In addition, some interviewees even believed in the importance of marketing in their companies, yet they could not use much activities in their companies because there were some barriers within the company which they could not overcome. Furthermore, the total mean for all variables of marketing concepts is more than 3.0. This indicates that every person working in the business sector recognises the importance of marketing in their jobs even if they had not studied marketing or taken any business courses.

The relationship between the application of marketing activities and the company's success was very clear in these interviews. The first, fifth, and sixth companies did not use marketing activities and their sales, profit, and market share had declined to a low level. On the other hand, companies 2, 3, 4 and 7 which have applied marketing activities, have grown and increased their sales and profit.

With regard to the subject of the environmental barriers in Saudi society, the interviews indicated that many factors were not barriers in the Saudi environment. The mean of the total for ten variables was less than 2.0 and only seven variables were higher. The majority of the companies agreed that three variables v38, v41, & v43 were the main barriers in the Saudi environment. These variables are the stagnancy of governmental measures on commercial activities, the absence of formal marketing education, and the competition in the market. On the other hand, there were two variables "culture and traditions v39" & "prevalent religious value v40" which were not barriers in the Saudi environment.



**TABLE 6.84**  
**Major Findings of Personal Interviews**

Variables	Interview no:							
	1	2	3	4	5	6	7	MT*
<b>**Applying Marketing Activities</b>								
Objective setting	0	2	4	4	0	0	3	1.9
Marketing planning	2	2	4	4	0	0	3	2.1
Co-ordination and integration	1	3	4	4	0	0	4	2.3
Motivation	2	4	4	4	1	1	4	2.9
Evaluation and control the profit of product	0	4	4	4	0	0	4	2.3
Evaluation and control the profit of markets	3	3	4	4	1	0	2	2.4
Evaluation and control the profit of distribution	2	1	4	4	2	0	3	2.3
Evaluation and control the profit of locations	1	1	4	4	0	0	3	1.9
Evaluation and control the market cost	3	4	4	4	0	1	4	2.9
Marketing research in the customers	0	2	4	4	0	0	4	2.0
Marketing research in the competitors	0	2	4	4	0	0	4	2.0
Marketing research in the distribution channels	0	4	4	4	1	0	3	2.3
Marketing research in the company profits	2	3	4	4	0	0	3	2.3
Marketing research in the company's total selling	2	3	4	4	1	1	3	2.6
<b>***The usefulness of marketing concepts</b>								
Market oriented	4	3	4	4	0	3	3	3.1
Product positioning	4	2	4	4	2	4	3	3.3
Market segmentation	4	3	4	4	0	4	3	3.1
Optimization of the marketing mix	4	4	4	4	0	3	3	3.1
Product differentiation	4	4	4	4	0	4	3	3.3
The building of brand loyalty	4	4	4	4	2	3	3	3.4
Test marketing	4	3	4	4	0	4	3	3.1
<b>****The company's success in</b>								
Sales	2	3	3	3	1	1	3	2.3
Profits	1	3	3	3	1	1	3	2.1
Market Share	1	2	3	3	1	1	3	2.0

\*Total of Mean.

**\*\*Applying Marketing Activities** | Not applicable | 0 | 1 | 2 | 3 | 4 | always applicable

**\*\*\* The usefulness of marketing concepts** | Not at all | 0 | 1 | 2 | 3 | 4 | Extremely

**\*\*\*\* The company's success** | decrease | 1 | 2 | 3 | Increase

**TABLE 6.84**  
**(Continued)**

Variables	Interview no:							
	1	2	3	4	5	6	7	MT*
<b>**The environmental factors as barriers</b>								
Economic stability situation	0	0	1	2	3	1	4	1.6
Government situation	0	2	2	2	4	1	4	2.1
the stagnancy of governmental measures on commercial activities	1	4	1	4	4	0	4	2.6
Culture and traditions	1	0	3	0	1	0	1	.9
Prevalent religions values	0	0	0	0	0	0	1	.1
Lack of formal marketing education.	1	4	4	4	0	2	4	2.7
Lack of professional marketing personnel	2	4	2	3	0	2	4	2.4
The competition in the market	2	4	1	2	4	2	4	2.7
Stagnancy in company policies	3	3	0	1	1	4	1	1.9
Resistance to new concepts in marketing activities	4	2	0	1	0	4	2	1.9
Low encouragement from top management for self-initiative.	4	2	0	0	0	4	2	1.7
Lack of opportunities for marketing management to participate in the main decision-making in the company.	4	1	1	0	1	4	1	1.7
Focusing on production tasks rather than marketing tasks.	4	1	2	0	1	4	1	1.9
Short-term profit strategy (objective).	2	4	1	2	2	4	2	2.4
Limited training programmes in marketing field.	4	2	0	4	1	2	0	1.9
Lack of advanced technology in the company	1	0	1	1	4	2	1	1.4
Shortage of marketing information	4	3	4	2	1	2	1	2.4

\*Mean of Total

<b>** Environmental factors as barriers</b>	Not at all	0	1	2	3	4	Strongly
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## 6.7 Summary

To summarise, this chapter analysed the data which was collected from the marketing managers in the Saudi manufacturing sector using a mail questionnaire and personal interviews. It was the objective of this chapter to present the findings concluded from the data collected using the quantitative and qualitative approach.

This chapter contained five main parts: the first part identified the statistical techniques that were to be used in this study; the second part contained the general quantitative results. The sample representativeness, early & late response bias, sample descriptive statistics, and several issues relating to the response rate were also discussed in the second part. The third part concentrated on the test and the analysis of the research questions. The results of the hypotheses were in the fourth part. The last part focused on the results of the qualitative data that was collected through personal interviews. The next chapter will discuss the results and discussion of this and the previous chapters.

# CHAPTER SEVEN

## The Discussion

### 7.1 Introduction

The previous chapter reported the findings and results of the data that were collected through both the mail questionnaire and the personal interview as a quantitative and a qualitative approach. As mentioned in the last chapter, the statistics analysis has suggested a number of relationships between the application of marketing know-how and the characteristics of a company, the characteristics of a marketing manager and the Saudi environment. The results presented in chapter six represent new empirical evidence, which can help us to understand the application of marketing know-how in Saudi manufacturing companies.

This chapter will focus on the discussion of the findings in this study and is divided into six main sections. The first section in this chapter will highlight at the beginning the general findings of the research, then five areas of discussion will be presented. The discussion in these sections will be based on the findings from the mail questionnaires and personal interviews as well as the relevant results published in the literature. The second section discusses the main objective of this study, the globalisation theory of marketing discipline. The application of marketing know-how and the success of manufacturing companies will comprise the third section. The discussion in the fourth section will concern the relationship between the application of marketing know-how and the characteristics of the marketing manager. The fifth section will discuss the relationship between the application of marketing know-how and the characteristics of manufacturing companies, while the application of

marketing know-how and Saudi environment conditions will comprise the final section.

## **7.2 General Findings of the Study**

The study's general findings are highlighted in Table 7.1. This study indicates that transferring marketing know-how from developed countries to developing countries, and applying it, would be possible and successful. Several important findings of relevance to the transfer of marketing know-how to Saudi market can be drawn from this study.

This study has concluded that the majority of manufacturing companies in the Saudi manufacturing sector employ marketing activities on a regular basis. Although there is no significant difference between the majority of marketing manager characteristics as regards the application of marketing activities, a number of characteristics have a relationship between them and the application of marketing activities. Higher qualification of marketing managers impacts positively on the application of modern marketing activities in their work. Marketing activities were more likely to be applied in the company when marketing managers specialised in business administration or public management. Marketing experience causes marketing managers to adopt modern marketing activities and apply them in their work. Participation in marketing training programmes assisted marketing managers to adopt modern marketing activities and apply them in their work. However, marketing manager's age, nationality, country of higher education, duration in current position and company, or membership in any P.M.A. does not impact on the application of marketing activities in the Saudi manufacturing sector.

**TABLE 7.1**  
**General Findings of the Study**

Investigate	Result Findings
Question	The majority of manufacturing companies in the Saudi manufacturing sector apply marketing activities on a regular basis.
Hypothesis	There is no significant relationship between the majority of respondent characteristics on the application of marketing activities in the Saudi manufacturing sector.
Sub-Hypothesis	Marketing manager's age does not impact on the application of marketing activities in the Saudi manufacturing sector.
Sub-Hypothesis	Marketing manager's nationality does not impact on the application of marketing activities in the Saudi manufacturing sector.
Sub-Hypothesis	Higher qualification of marketing managers impacts positively on the application of modern marketing activities in their work.
Sub-Hypothesis	Marketing activities were more likely to be applied in the company when marketing managers specialised in business administration or public management.
Sub-Hypothesis	There is no significant relationship between country of higher education of marketing manager and the application of marketing activities in the Saudi manufacturing sector.
Sub-Hypothesis	There is no significant relationship between duration in company of marketing manager and the application of marketing activities in the Saudi manufacturing sector.
Sub-Hypothesis	There is no significant relationship between duration in current position of respondent and the application of marketing activities in the Saudi manufacturing sector.
Sub-Hypothesis	Marketing experience causes marketing managers to adopt modern marketing activities and apply them in their work.
Sub-Hypothesis	The participation in marketing training programmes assisted marketing managers to adopt modern marketing activities and apply them in their work.
Sub-Hypothesis	Membership in any P.M.A. for marketing manager does not impact on application of marketing activities in the Saudi manufacturing sector.
Hypothesis	The majority of company characteristics impact on the application of marketing activities in the Saudi manufacturing sectors.
Sub-Hypothesis	There is no significant relationship between type of manufacturing company and applying marketing activities in the Saudi manufacturing sector.
Sub-Hypothesis	There is no significant relationship between ownership of company and applying marketing activities in the Saudi manufacturing sector.
Sub-Hypothesis	There is significant relationship between the legal form of companies and application of marketing activities in the Saudi manufacturing sector. Joint stock companies have most impact on the application of marketing activities.
Sub-Hypothesis	The number of products does not impact on the application of marketing activities in a company.

**TABLE 7.1**  
**(Continued)**

Investigate	Result Findings
Sub-Hypothesis	An increase in the number of employees in any manufacturing company impacts positively on the application of marketing activities.
Sub-Hypothesis	Where the investments are large in any manufacturing company, this will impact positively on the application of marketing activities.
Sub-Hypothesis	Whenever the level of a company's competition in the market is high, a company will be more encouraged to adopt and apply marketing activities in its work.
Sub-Hypothesis	The availability of a marketing department in any company impacts on the application of marketing activities in the company's functions.
Sub-Hypothesis	Where there is marketing department participation in strategic decision-making, it aids marketing managers to use and apply modern marketing methods.
Question	Marketing managers in most manufacturing companies in the Saudi private sector believe that marketing concepts are useful to them.
Hypothesis	There is no significant relationship between the majority of respondent characteristics and the perception of the benefit of marketing concepts in manufacturing companies in the Saudi private sector.
Sub-Hypothesis	There is no relationship between the age of marketing manager and his opinion on the usefulness of marketing concepts in the Saudi manufacturing sector.
Sub-Hypothesis	There is no significant relationship between Saudi and non-Saudi managers and the perception of the benefit of marketing concepts in the Saudi manufacturing sector.
Sub-Hypothesis	Higher qualifications influence marketing managers to adopt marketing concepts and believe them to be useful in the Saudi manufacturing sector.
Sub-Hypothesis	There is no significant relationship between field manager's study to the perception of the benefit of marketing concepts in the Saudi manufacturing sector.
Sub-Hypothesis	The number of years in a marketing position does not impact on a manager's attitude regarding the usefulness of marketing concepts.
Sub-Hypothesis	Participation in marketing training programmes aids marketing managers to understand marketing concepts and accept that the marketing concepts are useful in the Saudi manufacturing sector.
Sub-Hypothesis	Membership in a marketing association does not impact on a marketing manager's attitude regarding the benefit of marketing concepts in manufacturing companies.
Hypothesis	There is no significant relationship between the majority of company characteristics and the perception of benefiting marketing concepts in the Saudi manufacturing sector.
Sub-Hypothesis	There is no significant relationship between type of product of manufacturing companies and a belief in the usefulness of marketing concepts in the Saudi manufacturing sector.

**TABLE 7.1**  
**(Continued)**

Investigate	Result Findings
Sub-Hypothesis	There is no relationship between Saudi companies and joint/foreign companies perception of the benefit of marketing concepts in the Saudi manufacturing sector.
Sub-Hypothesis	The availability of marketing departments in a company impacts on the company's positive opinion of the usefulness of marketing concepts in its work.
Question	There are significant differences in sales, profits, or market share for manufacturing companies in the Saudi private sector when they apply marketing know-how.
Hypothesis	When manufacturing companies employ marketing activities, this will help them to increase their total sales, profits and market shares
Question	The majority of Saudi environmental conditions are not obstacles to the employment of marketing know-how in the Saudi manufacturing sector as marketing managers perceive.
Hypothesis	There is no significant difference between perceptions of Saudi and non-Saudi marketing managers for the majority of the Saudi environmental factors (internal and external) not to be barriers on the application of marketing know-how in the Saudi manufacturing sector.
Sub-Hypothesis	Economic stability situation is not an obstacle to the employment of marketing know-how in Saudi manufacturing companies.
Sub-Hypothesis	Culture and traditions are not an obstacle to the employment of marketing know-how in Saudi manufacturing companies.
Sub-Hypothesis	The stagnancy of governmental measures on commercial activities is an obstacle to the employment of marketing know-how in Saudi manufacturing companies.
Sub-Hypothesis	Prevalent religious values are not an obstacle to the employment of marketing know-how in Saudi manufacturing companies.
Sub-Hypothesis	Lack of formal marketing education is an obstacle to the employment of marketing know-how in the Saudi manufacturing sector.
Sub-Hypothesis	Lack of professional marketing personnel is an obstacle to the employment of marketing know-how in the Saudi manufacturing sector.
Sub-Hypothesis	The competition in the market influence of the employment of marketing know-how in the Saudi manufacturing sector.
Sub-Hypothesis	Low encouragement from top management of self-initiative is not an obstacle to the employment of marketing know-how in the Saudi manufacturing sector.



**TABLE 7.1**  
**(Continued)**

Investigate	Result Findings
Sub-Hypothesis	Lack of opportunities for marketing management to participate in the main decision-making in the company is not an obstacle to the employment of marketing know-how in the Saudi manufacturing companies.
Sub-Hypothesis	Focusing on production tasks rather than on marketing tasks is not an obstacle to the employment of marketing know-how in the Saudi manufacturing sector.
Sub-Hypothesis	Lack of the advanced technology in the company is not an obstacle to the employment of marketing know-how in the Saudi manufacturing companies.
Sub-Hypothesis	Shortage of marketing information is an obstacle to the employment of marketing know-how in the Saudi manufacturing sector.

On the other hand, the study concluded that the majority of company characteristics impact on the application of marketing activities in the Saudi manufacturing sectors. Examples are: the legal form of companies, the increase in number of employees, the amount of investment in any manufacturing company, the level of a company's competition, and the availability of a marketing department in any given company. However, type of manufacturing company, type of product, and number of products does not have any impact in applying marketing activities in the Saudi manufacturing sector.

Moreover, this study found that the majority of marketing managers in the Saudi manufacturing sector perceive that marketing concepts are useful to them. The study did not find a significant relationship between the majority of respondent characteristics and the perception of the benefit of marketing concepts in manufacturing companies in the Saudi manufacturing sector. Only having higher qualifications and participation in a marketing training programme influence marketing managers to adopt marketing concepts and believe them to be useful in the Saudi manufacturing sector. Also the study did not find a significant relationship between the majority of company characteristics and the perception of the benefit of

marketing concepts in the Saudi manufacturing sector. Only the availability of marketing departments in a company impacts positively on the company's opinion of the usefulness of marketing concepts in its work.

In addition, this study concluded that manufacturing companies which have a high level of marketing know-how practices would have a higher level of business performance. These are because the application of marketing activities can positively and significantly influence business success in terms of a company's sales, profits and market share. This study concluded that there are significant differences in sales, profits, or market share for manufacturing companies in the Saudi private sector when they apply marketing know-how.

The Saudi environmental conditions were investigated in this study to know if there are obstacles to the employment of marketing know-how in Saudi manufacturing companies or not. The study found that the majority of Saudi environmental factors are not obstacles to the employment of marketing know-how in Saudi manufacturing companies. The stagnancy of governmental measures on commercial activities, lack of formal marketing education, lack of professional marketing personnel, and shortage of marketing information, were the only variables to prove to be obstacles to the employment of marketing know-how in Saudi manufacturing companies. On the other hand, there are ten variables which are not obstacles to the employment of marketing know-how in Saudi manufacturing companies. Examples are: economic stability situation, prevalent religious values, competition in the market, focusing on production tasks rather than on marketing tasks, and lack of the advanced technology in the company. Finally, this study finds that Saudis and non-Saudis perceive Saudi environment not to be a barrier to the application of marketing activities in the Saudi manufacturing sector.

### **7.3 Marketing discipline and the globalisation theory**

The first objective in this study, as mentioned before, was to help shed light on the debate and participate in resolving the dispute between researchers on whether marketing know-how is applicable in developing countries or not. The debate's results will lead us to conclude the marketing globalisation theory. A survey of the literature in this issue produces three schools of view.

The first viewpoint is that the scholars agree to transfer marketing know-how to developing countries because they think that marketing discipline is common to all nations. The scholars believe that the developing countries will apply marketing know-how without further development or modification. Emlen (1958) was the first one who supported this view. Many researchers supported the transfer of modern marketing to developing countries generally, whether the marketing infrastructure was developed or not, because they thought modern marketing would speed their pace of development and could be effective and profitably directed to the needs of the developing world (Cundiff & Hilger, 1984; Hildebrandt & Wiess, 1995; Malhotra, 1986).

A number of research projects have been supported by empirical studies in many countries in the form of comparisons or concentration on one country. Douglas (1971) was the first who compared five countries: Japan, Italy, Chile, Greece, and Ceylon. The study concluded that although there are differences in the economic, demographic, social, and cultural characteristics of these countries, the marketing was similar in each of them. Therefore environmental factors are not obstacles to transferring marketing technology in different settings. Dadzie and Lee (1991) and Dadzie et al. (1991) compared some East Asian countries and found that these countries have used marketing know-how under different conditions of economic

development and their results did not show any congruence between the level of marketing performance. They concluded that developing nations would adapt marketing know-how to their environments. Roxas & Huszagh, (1996) found that many of the same marketing strategies and tactics were being applied in U.S. firms and those in the Philippines. Song et al. (1997) compared South Korean and Taiwanese firms in linking marketing resources, skills, and activities to new product performance and found the same results. Fahy, et al. (2000) examined the nature of marketing capabilities across a range of types of firm in Hungary, Poland and Slovenia. The study demonstrated overall marketing capabilities are proving to be very valuable as the Central Europe region moves to a more market-led environment.

A number of studies did not make comparisons between different countries' environments but concentrated on the special environment in developing countries. For example, in Nigeria researchers examined to what extent marketing discipline was used in this country and the difference between foreign and domestic firms. The studies concluded that there was substantial demand for the transfer of marketing knowledge to developing countries in terms of reforms in both foreign and domestic firms employing marketing activities (Mitchell & Agenmomen, 1984; Okoroafo & Russow, 1993). Also, Miller (1988) examined the Turkish market and found that the models of marketing discipline can be very useful in developing countries. In addition, 97% of Bulgarian companies recognize that marketing has an important part to play in the future and this trend will continue in the near future (Marinov et al., 1993). In China, Bennett concluded that marketing methods and techniques applied within China were very similar to those used by western firms (Bennett, 1998).

The second viewpoint claims that marketing began and was improved in the developed countries, United States and Western Europe, which provided a suitable

environment to foster its growth. The researchers for this school believe that marketing know-how cannot flourish in a different setting and must therefore be limited to developed countries. Bartels (1983) is the most vehement supporter of this viewpoint. He believes that marketing discipline has essentially been a tool of developed countries, a means by which the products reach the buyer's market. Therefore, it is still inappropriate for it to be applied in a foreign setting and with global responsibilities. Carter (1986) expressed a similar view when he argued that developing countries will evolve differently from western economies have and dedicated marketing, not adaptive transfer was the answer. El-Sherbini (1979) also agrees with this viewpoint because he thinks that marketing discipline is a tool of the developed market and is difficult to transfer to a developing market. When some researchers compared the situations between the developed nations and developing countries, they found that developing corporations would be less likely to utilise marketing know-how, and the indigenous marketing systems of the developing countries have not been able to come up with market expansionary strategies (Al-Khatib et al., 1989; Dhalakia, 1984; Goldman, 1981; Howard, 1988; Ross & McTavish, 1984; Yavas et al., 1991).

Cavusgil and Yavas (1984) studied the Turkish marketing environment and supported this school because they found many barriers to the transfer of marketing know-how from the United States to Turkey. Another researcher supported this viewpoint when he found a very successful chain-store operator in Switzerland, Migros, which has not been successful in the Turkish marketing environment (Kaynak, 1985; Kaynak, 1980). In Egypt the conclusion was reached that it is difficult and inappropriate to transfer modern marketing because these marketing techniques

are constrained by environmental factors which impede their transferability and applicability in developing countries (El-Haddad, 1986).

The third school in this debate was in the middle. The researchers did not criticise the transfer and application of marketing know-how from developed countries to developing countries, but they considered modification as a necessary condition for the application to be successful. Some researchers supported this viewpoint by explaining the situation in developing countries. They concluded that the majority of modern procedures in marketing discipline for purposes of local adoption can be applied with minor modifications directly to developing countries. So marketing must evolve to accommodate the particular path chosen (Cranch 1974; Hosley & Wee, 1988; Shapiro, 1965). Moreover, the environmental changes would cause firms to adopt new activities in order to survive (Okoroafo, 1996). Some researchers invited some of the developing countries to participate in this debate. These countries could enjoy the benefits of modern marketing, particularly the rich countries and those which modified some of their political, economic or business systems (Akaah et al., 1988; Amine & Cavusgil, 1986; Deng, 1994).

Other researchers concentrated on one country. For example, the researchers found in Malaysian manufacturing firms that manufacturing firms, particularly foreign firms, were inclined to duplicate the marketing organizations of their parent or associated companies elsewhere with slight modifications to suit the local Malaysian environment (Chong, 1973; Mohamad et al., 1992). China adopted the open-door policy in the 1970s. The researchers found that the marketing system made progress and applied many of its ideas due to the changes and modifications in the economic system, planning process, social traditional and political ideas which were made after 1970 (Holton, 1985; Shoa & Herbig, 1995). In 1974 the change happened in Egypt as

well. The government adopted an open-door policy (Law 43 in 1974) and the researchers observed the difference before and after 1974. They observed that the Egyptian environment needed more modification in government policy regarding economic and business systems for warranties to increase and to stimulate the industrial sector to apply the transfer of marketing know-how to Egyptian markets (El-Haddad, 1991; Hammad, 1991).

Ali and Bahrgava (1998) examined the efficacy of marketing in India. They proved that any replication of the model must first acknowledge that managerial and operational processes must be modified to fit marketing capability. In Zambia, the researcher concluded that marketing strategies within micro-enterprises needed modified planning to be successful (Miller & Levin, 1993). In Croatia, the researchers found that marketing activities increased among companies after privatisation because it modified the economic environment from a state-controlled economy to a free market economy (Martin & Grabac, 1998).

In this study, the results regarding the transfer and applicability of marketing know-how to developing countries indicated that the majority of manufacturing companies in the Saudi manufacturing sector apply marketing activities on a regular basis. Moreover, marketing managers in most manufacturing companies in the Saudi private sector believe that marketing concepts are useful to them. The findings of personal interviews with seven marketing managers show that five of the managers interviewed applied marketing activities on a regular basis, and six of them believe that marketing concepts are useful to their company. This result was consistent with what has been found and discussed in the first school in the literature, which is that marketing discipline is common to all nations and the developing countries can apply it without any development or modification.

This result has revealed very interesting details of the application of know-how to developing countries. In general, before coming to support any of the above views, let us ask three questions. Is marketing know-how valid only for developed countries? Do developed countries accept the transfer of every discipline of marketing to developing countries? Will the application of marketing concept and activities help the developing countries? The answers to these questions are key to for this debate.

Current marketing discipline, as in any social science, is such a huge body of knowledge that no one can keep a secret for long. On the contrary, with the availability of satellite TV channels and the Internet there is no one marketing discipline for a specific country or group of countries. Furthermore, the researchers with the second point of view in this debate were in the 60s, 70s and 80s of the previous century, which means they were writing before the greate advances of the communications revolution, because we have observed some of researchers changing their point of view in the 90s (see El-Haddad 1981 & 1991). Therefore, the new marketing discipline is valid for every nation because it has become truly global (Kotabe & Helsen, 2001).

Regarding the second question, we found that many educational establishments, authors, and multinational corporations help developing countries to use marketing knowledge in their environment. Most authors and scholars like to display their knowledge for all of humanity. The education sector in developed nations tries to improve university education everywhere. For instance, Harvard University supported the Institute of Business Administration in Istanbul through cooperation with Colombia University, while American universities have been founded in Beirut, Cairo, and Athens with their U.S. counterparts (Kotler & Dholakia, 1986; Yavas et al., 1991). Currently the United States information service is



supporting the transfer of business know-how through its “democracy in Africa programme” (Okoroafo & Russow, 1993). Also, many multinational corporations make efforts to transfer their marketing activities to developing countries to achieve their aims (Hammad, 1991). Therefore, the answer to the second question is clear: developed nations are happy to transfer marketing know-how to developing countries.

As for the question regarding the benefit for developing countries when they use modern marketing knowledge in their environment, many studies have proved this issue. As we discussed in the literature review, a number of researchers identified several contributions marketing has made to developing countries. Marketing can participate in solving most economic development problems (Hammad, 1991), for instance, closing the widening gaps between North and South countries (Hosley & Wee, 1988). It achieves most sales with the least cost and the integration of the customers’ needs with productive resources to solve the stagflation problem in developing countries (Ali & Bhargava, 1998; Drucker, 1992; Kinsey, 1982; Roxas & Huszagh, 1996). Thus, marketing has increased exports to other developing countries or even developed countries (Gripsrud & Benito, 1995). The marketing system has contributed to solving the unemployment problem because the marketing sector is growing and many employment opportunities will be created (Carroll 1992; Firoze & Maghrabi, 1994). Marketing research can help the customer to find goods with a satisfactory price, quality, and service (Aydin & Terpstra 1981; Miller & Levin, 1993). Marketing is important for new product success, and proficiency in marketing activities enhances new product performance (Song et al., 1997). Advertising can participate in increasing the cultural level in developing countries by many kinds of mass media (El-Masree, 1996). Moreover, this study concluded this point in hypothesis five, six and seven which concluded that when the Saudi manufacturing

companies apply marketing activities, this helps them to increase their total sales, profits and market share.

The final conclusion in this issue is that based on the empirical evidence which was obtained, the interviews carried out in this study, and the researchers' inferences in the literature review, we can conclude that marketing discipline, as in any social science, is a usufruct for every society in this world. Thus marketing know-how is applicable in developing countries, particularly in Saudi Arabia.

#### **7.4 The Application of Marketing Know-how and The Success of Manufacturing Companies**

There are many factors or criteria used to improve success in any company such as: increasing profits, maintaining a good reputation in the market, growth in sales, customer satisfaction, the ability to retain and increase market share, and the company's ability to export. It is difficult to use all of these criteria in one study. Empirical studies usually choose one or more of these criteria. In this study, the researcher only chose three criteria and measured manufacturing companies' success for the previous three years. The statistical results obtained in this study suggest that there are significant differences in sales, profits, or market share for manufacturing companies in the Saudi private sector when they apply marketing know-how. This difference is positive inasmuch as the statistical results obtained in this study suggest that when manufacturing companies apply marketing activities, this will help them to increase their total sales, profits and market share.

This conclusion was supported by some of the interviews carried out in this study. The findings of personal interviews with seven marketing managers show that four companies (companies two, three, four and seven) understand the benefit of

marketing concepts and employ most marketing activities. These companies successfully increased their sales, profits and market share except company two whose market shares did not change because, as the manager said, there is strong competition in the Saudi wood market. In two of those four successful companies (three and four) both managers graduated from the United States, one from Saudi Arabia (company four) and the other from the United States (company three), both companies applied all marketing activities which the researcher queried. While successful sales, profits and market shares are found in four companies, two companies (one and six) believe in the usefulness of marketing concepts but did not apply marketing activities because their top management refused many marketing activities. Their sales, profits and market share decreased during the last three years, except company one whose sales did not change because the competition is very limited. Only one company (five) did not employ the majority of marketing activities and did not realise the usefulness of marketing concepts because the company had no marketing manager and the general manager was responsible for the production and sales activities in the company. He had a high school education, and has thirty-seven years of work experience. Unfortunately, with the increase in competition in the Saudi market in the last ten years, the company has not made profits for six years. These findings of personal interviews suggest that there is a positive relationship between the application of marketing know-how and the success of manufacturing companies.

Although previously studies have focused on the success and performance of the companies in generally, this result was consistent with what has been found and discussed with some of the studies in the literature. For example: Akaah et al., 1988; Bennett, 1998; Brooksbank et al., 1992; Cundiff & Hilger, 1984; El-Haddad, 1991; Hammad, 1991; Malhotra, 1986; Miller & Levin, 1993; Mohamad, et al., 1992;

Okoroafo, 1996. On the other hand, this result was not consistent with some of the studies in the literature. For example: Al-Katib et al., 1989; Bartels, 1983; Carter, 1986; Cavusgil & Yavas, 1984; Dhalakia, 1984; El-Sherbini, 1979; Goldman, 1981, Howard, 1988; Kaynak, 1980; Ross & McTavish, 1984; Yavas, et al., 1991. These researchers' results are inconsistent with the present result, possibly because of the difference in the time and place within the Saudi manufacturing sector. Nevertheless, the researcher believes that the transfer of marketing know-how is necessary for companies and economic development in developing countries. Moreover, it is not enough for the manager to perceive the usefulness of marketing, he should apply this marketing to be successful in his company.

## **7.5 The Application of Marketing Know-how and Characteristics of Marketing Manager**

Several variables of manager characteristics were studied: age, nationality, highest qualification, field of study, country of higher education, time in current position, time in company, experience, participation in training, and membership of marketing associations as independent factors. Tables 6.17 & 6.32 in the previous chapter showed the results of the one-way ANOVA and the Kruskal-Wallis tests for each variable. The statistical results obtained in this study suggest that there is no significant difference between the majority of respondent characteristics in their application of marketing know-how in the Saudi manufacturing sector. However, several important findings regarding the relationship between the application of marketing know-how and manager characteristics can be drawn from this study. The discussion of these differences will be presented next.

The results in this study regarding the relationship between a marketing manager's age and both his opinion on the usefulness of marketing concepts and the application of marketing activities in the Saudi manufacturing sector were not found to be significant. On the other hand, the results concluded that the age of the marketing manager does not impact on the application of marketing know-how in the Saudi manufacturing sector. This result was consistent with Shama, who investigated the Russian environment. He did not find any influence on transformation from market planned to market economy varying significantly by age (Shama, 1995). However, this result was not consistent with some of those studied in the literature (Cavusgil et al., 1984; Yavas & Cavusgil, 1989; Yavas & Rountree, 1980). The reason for this difference could be that the Saudi manufacturing sector employs young marketing managers with new ideas and good skills. As can be seen in Table 6.8, the median age category (26-45 year group) made up more than 84.5% of the total respondents. Only four (1.7%) of the respondents were over the age of fifty-five. Because working in the marketing field generally requires a higher level of activity, diverse abilities, and an adventurousness which are characteristics of younger men, the Saudi manufacturing sector tends to employ young marketing managers.

The results in this study also showed the relationship between Saudi and non-Saudi managers in their application of marketing know-how. The statistical results suggest that there is no significant difference between Saudi and non-Saudi managers in the application of marketing know-how in the Saudi manufacturing sector. The data gathered through personal interviews is also consistent with this result. This agreement between Saudi and non-Saudi managers in the application of marketing know-how may be due to two reasons. First, during a pilot study and personal interviews the researcher observed that the majority of non-Saudi managers in Saudi

manufacturing companies were from developing countries and particularly Arab countries. This means that the marketing discipline is that which is known and applied in Arab countries. Second, as the majority of Saudi and non-Saudi managers applied marketing activities in their companies and both groups believe in the usefulness of marketing concepts in their companies, we will not find any difference between them.

The results in this study regarding the relationship between the level of education of marketing managers and the application of marketing know-how indicated that higher qualifications of marketing managers impacts positively on the application of marketing know-how. On the other hand, whenever marketing managers have a higher degree, marketing know-how is more likely to be applied by a company. This conclusion was also supported by seven of the interviews carried out in this study. Only one company (the fifth interview), did not apply marketing know-how because the manager only had a high school education. This result was consistent with what has been found and discussed in the literature, except that one case study did not find any difference in the level of education (El-Haddad, 1991), while all other studies were consistent with this research (Bhuiyan, 1998; Deng, 1994; Hammad, 1991; Marinov et al., 1993; Yavas & Cavusgil, 1989; Yavas & Rountree, 1980).

Yavas and Rountree (1980) studied Turkish managers who obtained their graduate education in business administration in the United States. They found in their research that managers who have enjoyed higher education are more skilled in management know-how than managers who are of low education or low experience. Other research by Yavas and Cavusgil related to the manager characteristics in the application of managerial know-how. They collected the data in Tanzania, Zambia, and Kenya. The result was consistent with what has been found in Turkey (Yavas & Cavusgil, 1989). Marinov et al. (1993) found that marketing is non-existent and

unclear in the majority of Bulgarian companies because of the low level of marketing education. In addition, Bhuian (1998) found a correlation between the education and the concept of market orientation. He concluded that the managers with a high level of education could be expected to have a positive attitude toward the risky actions of market orientation.

The relationship between the field of study of marketing managers and their application of marketing know-how is also indicated in this study. The statistical results obtained in this study suggest that marketing know-how is more likely to be applied in the company when marketing managers had specialised in marketing, business administration or public management. This conclusion was also supported by some of the interviews carried out in this study. In addition, this result was consistent with what has been found and discussed in the literature (Bennett, 1998; Bhuian, 1998; Marinov et al., 1993; Okoroafo, 1996; Yavas & Cavusgil, 1989; Yavas & Rountree, 1980). The researcher believes that this result is reasonable because every major of study or function has special skills, disciplines, and tools for helping to achieve the objectives of this major. Therefore, it was surprising to find that more than a quarter of respondents majored in engineering, because there are big differences between marketing or business administration and engineering.

In this study the data gathered through statistical and personal interviews also showed the relationship between country of graduation and application of marketing know-how. The results suggest that there is no significant relationship between country of higher education of marketing manager and the application of marketing know-how in the Saudi manufacturing sector. This means that the marketing manager who graduated from Saudi Arabia, the United States, Western European countries or any country will not be different when he applies marketing disciplines in his

company. This result was not consistent with what has been found and discussed in the literature (Bhuiyan, 1998; Cavusgil et al., 1984; Deng, 1994; Hammad, 1991). The researcher believes that the result in this study is logical, and was not consistent with some of the literature because of two reasons: first, at the moment a marketing certificate from Saudi Arabia, the United States, Western European countries or many other countries requires the same knowledge, skills and activities because the academic system of some business colleges in Saudi Arabia are American oriented system. For example, King Fahad University of Petroleum and Minerals is patterned after U.S. AACSB standards. The context of business education in this university is based on a textbook of U.S. origin or their translation (Yavas et al., 1991). Secondly, students from developing countries who studied at Western universities and graduated in the field of marketing were very effective as teachers, researchers, and practitioners in their countries (Cavusgil & Yavas, 1984; Samli & Kaynak, 1984; Yavas, et al., 1991).

The results in this study regarding the relationship between time in current position in the company and the application of marketing know-how suggest that the numbers of years in the marketing department in the company does not influence the manufacturing company in its application of marketing know-how in the Saudi manufacturing sector. The data gathered through the personal interviews was consistent with this result. Three managers (companies one, five and six) have many years' experience in this position: however they did not implement marketing activities in their company, although two of them (one and six) believe in the importance of marketing in the company. The majority of researchers did not investigate this point except El-Haddad. He studied some marketing manager characteristics in the manufacturing companies in the Egyptian market and concluded



that the time in current position did not impact on the transfer of marketing know-how (El-Haddad, 1991). This result in developing countries could be because of the stagnancy in company policies, or because top management in the company does not encourage these activities (Bhuian, 1998; Culpan, 1985; Hammad, 1991; Yavas, 1991).

In addition, this study observed a relationship between the kind of practical experience of marketing manager and the application of marketing know-how. The statistical results suggest that where marketing managers have marketing experience, they apply marketing activities in the Saudi manufacturing sector. The findings of personal interviews with seven marketing managers show that of the four companies (two, three, four and seven) which employ marketing, three of their marketing managers have marketing experience and only one (seven) has experience of production management. This result was consistent with what has been found and discussed in the literature. The managers who have previous experience in marketing were more likely to apply marketing activities (Cavusgil et al., 1984). Some researchers studied marketing manager characteristics in Egyptian manufacturing companies. They concluded that the marketing major and experience both impact on the transfer of marketing know-how (El-Haddad, 1991; Hammad, 1991). In Nigeria, educating managers in marketing encourages firms to perform marketing activities (Okoroafo, 1996). Moreover, the lack of experience of the marketing manager influences the application of marketing know-how in China (Bennett, 1998).

Participation in training programmes of any kind of social sciences is very important, particularly in the marketing field because the main objective of marketing knowledge is identifying customer needs, wants and satisfactions. However, consumer behaviour is constantly changing, so training programmes in marketing increase

marketing skills and renew the ideas to help the marketer to satisfy the customer (El-Masree, 1996). This study observed the relationship between participation in training programmes in the marketing field and the application of marketing know-how. The statistical results from the data gathered through the quantitative method suggest that there is a significant difference between marketing managers who did not participate in marketing training programmes and those who participated in marketing training programmes even once. On the other hand, the results concluded that the participation in marketing training programmes assisted marketing managers to adopt modern marketing activities and apply them in their work. This conclusion was also supported by some of the interviews carried out in this study. Five of seven interviewees (1,2,3,6 and 7) participated in marketing training programmes and they perceived the usefulness of marketing concepts and skills in their business. And thus the majority of them apply many marketing ideas and activities in their companies.

This result was also consistent with what has been found and discussed in the literature. Yavas and Cavusgil (1989) found that participation in marketing training programmes helps managers to apply marketing know-how in Tanzanian, Zambian, and Kenyan companies. Some researchers studied manufacturing companies in the Egyptian market. They concluded that participation in marketing training programmes impacted on the transfer and application of marketing know-how in Egyptian manufacturing companies (El-Haddad, 1991; Hammad, 1991). Students from Sub-Saharan African countries who trained in business schools in Western countries have acquired some disciplines not found in many Sub-Saharan African countries (Deng, 1994). Bennett examined 119 marketing managers in Chinese companies to ascertain the nature of the transfer of marketing know-how and found that two thirds of the

respondents claimed to have trained their Chinese partners in some aspect of this marketing (Bennett, 1998).

## **7.6 The Application of Marketing Know-how and Characteristics of Manufacturing Companies**

In this study, there are some company characteristics as independent factors. These factors are: Manufacturing sectors, ownership, legal form of organisation, type of product, number of products, company size, competition, existence of marketing department, marketing participation in decision-making, and availability of marketing department activities. Tables 6.43 & 6.63 in the previous chapter showed the results of the one-way ANOVA and the Kruskal-Wallis tests for each variable to ensure the accuracy of the results. The statistical results concluded that there is no significant relationship between the majority of companies' characteristics to the application of marketing know-how in the Saudi manufacturing sector. However, several important findings regarding the relationship between the application of marketing know-how and companies' characteristics can be drawn from this study. The discussion of these differences will be presented next.

The statistical results in this study regarding the relationship between the type of manufacture and the application of marketing know-how showed that there is no significant difference between type of manufacturing companies in applying marketing know-how in the Saudi manufacturing sector. In other words, all types of manufacturing companies in the Saudi manufacturing sector perceive the usefulness of marketing concepts and the application of marketing know-how. This result is logical because of two reasons. First, all types of manufacturing companies in the Saudi manufacturing sector are working within the same sector and system, and facing the

same environmental conditions. Secondly, there are some families in Saudi Arabia who own many companies in the Saudi manufacturing sector. These companies work in more than one kind of manufacturing sector with one system and policy. So it seems reasonable to find a similarity between types of companies in the Saudi manufacturing sector.

This result was consistent with what has been found and discussed in the literature. Mohamad et al. (1992) examined the extent of performance of marketing management and mix of activities by Malaysian manufacturing firms. They mailed 635 companies in all manufacturing sectors and they did not find any difference between the six kinds of manufacturing firms for performance of marketing activities in the Malaysian environment (Mohamad et al., 1992). The results from the main kinds of manufacturing sector in Egypt were also consistent with what has been found in this study (El-Haddad, 1991).

In this study the results also showed that there is no difference between indigenous companies and foreign companies in their application of marketing know-how in the Saudi manufacturing sector. On the other hand, the results suggest that both Saudi companies and joint/foreign companies apply marketing know-how in the Saudi manufacturing sector. The data gathered through personal interviews was also consistent with this result. Many empirical studies have investigated this issue, some of them have reached the same conclusions, but the majority were not consistent with what has been found in this study. Hildebrandt and Wiess (1995) found that there are no significant differences between the ownership strategy of companies when entering foreign markets.

However, many researchers have found that foreign and joint ventures are more liable to use marketing discipline than domestic companies (Akaah et al., 1988;

Aydin & Terpstra, 1981; Dazie & Lee, 1991). The foreign-owned companies in the developing countries would be more likely to apply marketing know-how than indigenous corporations because the foreign corporations are richer in managerial and marketing expertise than local corporations (Cavusgil, & Yavas, 1984; Hammad, 1991). Appiah-Adu (1998) investigated manufacturing companies in Ghana. He concluded that foreign firms are more likely to perform marketing activities than domestic firms because foreign firms are familiar with competitive marketing practices due to the experience acquired in their home markets. Fahy, et al. (2000) found that firms with foreign participation have greater marketing capabilities than other types of firms in the Central Europe region.

The fact that there is no difference between Saudi companies and joint/foreign companies in their application of marketing know-how in the Saudi manufacturing sector is due to one of the following reasons. The majority of Saudi manufacturing companies have only been established for only three decades during which time they have acquired modern knowledge and used what others have done. The other reason is that the majority of joint and foreign companies in the Saudi manufacturing sector are from developing countries, as was found in this study using quantitative and qualitative methods.

The legal form of companies in the Saudi manufacturing sector was classified into four categories: sole proprietorship, limited liability, joint stock, and partnership. In this study the researcher analysed the relationship between the legal form of companies and their application of marketing know-how in the Saudi manufacturing sector. The statistical results in the pervious chapter found that there is a difference between joint stock companies and both sole proprietorships and partnerships, but there is no difference between partnerships and both sole proprietorships and limited

liability companies. The results in this study conclude that joint stock companies have most impact on the application of marketing activities. This conclusion was also supported by some of the interviews carried out in this study. Unfortunately, a few researchers studied the relationship between the legal form of manufacturing companies and the application of marketing know-how. El-Haddad (1991) studied the relationship between two variables in the Egypt manufacturing sector. The result was consistent with what has been found in this study because he found that there is a significant difference between the legal forms of companies, and the most impact on the application of marketing know-how is found in joint stock companies.

Moreover, the results in this study also showed the relationship between the type of product in manufacturing companies and the application of marketing know-how in the Saudi manufacturing sector. As mentioned in the previous chapter, the manufacturing companies in Saudi Arabia produce consumer products, industrial products or both. The statistical results in this study suggest that there is no difference between type of product and application of marketing know-how. The finding of personal interviews with seven marketing managers was consistent with this result. However, this result was not consistent with what has been found and discussed in the literature because many researchers concluded that marketing know-how was applied in companies manufacturing consumer products more than industrial products (Akaah et al., 1988; El-haddad, 1991; Hammad, 1991).

This result in this study is not very surprising in the Saudi market because all companies are working within one sector, under one government policy and system, and facing the same environmental conditions. There is another reason for this result. There are many manufacturing companies in Saudi Arabia which produce both consumer products and industrial products at the same time. The finding of personal

interviews with seven marketing managers was also consistent with this result. Two companies (four and seven) only produce consumer products, while the remaining companies produce both consumer products and industrial products. So the results would appear to be reasonable.

The relationship between the size of a company in the Saudi manufacturing sector and the application of marketing know-how in manufacturing companies was also studied in this research. As mentioned in the previous chapter, the researchers defined one or more factors to know the size of a company such as: number of employees, sales total, net profit, or investment capital total. In this study, two standards were used to define company size: number of employees and total capital investment. The empirical evidence in this study regarding both standards concluded that there is a significant difference between the size of company and the application of marketing know-how. On the other hand, big companies in the Saudi manufacturing sector impact the transfer and application of marketing know-how more than medium or small companies. The finding of personal interviews with seven marketing managers was consistent with this result because three small companies (1, 5 & 6) did not apply marketing and the remaining big companies perceive the usefulness of marketing and apply it.

This result was consistent with what has been found and discussed in some of the literature. For instance, the big Egyptian manufacturing companies apply marketing know-how more than small and medium companies (El-Haddad, 1991). The Malaysian companies were consistent with the Egyptian companies' result (Mohamad et al., 1992). Also, Cox (1993) studied 3000 UK companies to consider the difference in marketing between small, medium and large companies and found that

marketing in small companies is inferior to that in large companies, and that small companies perform worse than large companies.

On the other hand, some studies differed in this point with the above researchers' results. For instance, company size in the Nigerian business sector and non-business organisations did not influence the application of a marketing concept (Mitchell & Agenmomen, 1984). Company size and age in the Egyptian market did not reveal any significant relationship with transferring marketing know-how by corporations working in Egypt (Hammad, 1991). However, Cox et al. (1994) observed that marketing activity in small companies is more operational in nature than in larger companies except in promotion (Cox et al., 1994). Smaller companies in Croatia were conducting significantly more marketing activities after privatisation than larger companies (Martin & Grabac, 1998). The difference between the researchers in the literature on this point could be due to the different environments, the time spent on the study, or the kind of research methodology.

There is agreement between the researchers about the importance of marketing in manufacturing companies (see first section in chapter two). The existence of a marketing department in a company is necessary because marketing activities need a place to achieve practice. Therefore, this research studied the relationship between the existence of a marketing department and the application of marketing know-how in the Saudi manufacturing sector. It also studied the relationship between the participation of the marketing department in decision-making and the application of marketing know-how in the Saudi manufacturing sector. The statistical results suggest that existence of a marketing department in a company will have positive effect on the application of marketing know-how. Moreover, this study concluded that the



participation of marketing department in strategy decision-making leads marketing manager to more use and apply marketing know-how in a company.

The data gathered through the personal interviews is also consistent with this result. This conclusion was also supported by some of the studies in the literature (Akaah et al., 1988; Cavusgil, & Yavas, 1984; El-Haddad, 1991; Mohamad, et al., 1992). However, Hammad (1991) studied the foreign manufacturing companies in Egypt and found no perceived importance of a marketing department and its role in the process of marketing know-how transfer in the companies. The difference between Hammad's result and the others in this point, could be because the sample of Hammad's study is very small because he collected from thirty-one companies and only nine companies which have a marketing department. Therefore, he did not find any difference between the companies.

## **7.7 Marketing and Saudi Environmental Factors**

In this study, several variables in Saudi environmental factors were studied to determine the relationship between environment conditions in Saudi Arabia and the application of marketing know-how in the Saudi manufacturing sector. The research selected seventeen variables, eight variables covered the external environment of the company and nine variables covered the internal environment of the company. The external variables were stable economic environment, government situation, the stagnancy of governmental measures on commercial activities, culture and tradition, prevalent religious values, lack of formal marketing education, lack of professional marketing personnel, and competition in the market. The internal variables were stagnant company policies, resistance to new concepts, low managerial encouragement, lack of participation in decision-making, a focus on production more

than marketing, the company's objective being a short-term profit strategy, limited training programmes in marketing, lack of advanced technology in the company, and shortage of marketing information. Although many researchers studied the linkage between the marketing system and the environmental factors, the majority of them concentrated on the external environment of the company (see for example, Al-Khatib et al., 1989; Cavusgil & Yavas, 1984; Culpan, 1985; Dadzie & Lee, 1991; Deng, 1994; Huszagh et al., 1992; Miller, 1988; Ojah & Han, 1997; Tuncalp, 1988). On the other hand, some researchers concentrated on both (see for example, El-Haddad, 1991; Hammad, 1991; Marinov et al., 1993; Yavas & Cavusgil, 1989).

In general, the findings from both the mail questionnaires and the personal interviews have indicated that the majority of Saudi environmental conditions do not impact negatively on the employment of marketing know-how in the Saudi manufacturing sector as marketing managers perceive.

### **7.7.1 Economic Position**

The results in this study regarding the role of Saudi economics on the application of marketing activities showed that the economic position in Saudi Arabia encourages the transfer and application of marketing know-how in the Saudi manufacturing sector. The reasons, in the researcher's view are that it is a rich country, the economic position in Saudi Arabia is that of a firmly established economy, the adoption of the free market economy opened the door for commercial competition and the domination of the principle of supply and demand in the markets.

This was found to be consistent with some of the studies in the literature. The rich countries in the developing countries would be more likely to educate in marketing than the poorer countries (Ross & McTavish, 1984). The economic position in Egypt does not present an obstacle to the application of marketing know-how in the

Egyptian manufacturing sector because the Egyptian economy adopted the free economy and has opened the door to foreign investors since 1974 (El-Haddad, 1991). Due to the bad economy in most of Sub-Saharan Africa, they have tried to use marketing in their environment but have failed and caused serious damage through intervention (Hosley & Wee, 1988). Huszagh et al. (1992) studied the relationship between marketing practices and the changing macroeconomic situation in the Philippine environment. They suggested that marketing activities and concepts would have been impeded in these bad economic circumstances. Finally, businesses in Croatia are becoming more marketing oriented as their economy continues the transition to a free market economy (Martin & Grabic, 1998).

### **7.7.2 The Stagnancy of Governmental Measures on Commercial Activities**

The results regarding the government and its legal policies in this study indicated that the stagnancy of governmental measures on commercial activities is an obstacle to the employment of marketing know-how in Saudi manufacturing companies. The findings of personal interviews with seven marketing managers show that four of the managers believe that the commercial policies and systems are very old and must be renewed to be more suited to the new century. This procedure costs the company time, money, and effort. These results were consistent with what has been found and discussed in the literature. Dadzie and Lee (1991) studied three East Asian countries and found that government intervention influences performance of marketing activities as well as the natural resources of the country. Dadzie et al. (1991) also studied five countries in Asia and Africa to find out the influence of environmental factors on marketing activity performance. They found that the

political impact on marketing activity performance and government control influenced performance of marketing activities especially in countries with a history of controlled economic planning.

Moreover, government regulations of many South American countries did not help business activities to progress and achieve their aims (Chhabra, 1996). Egyptian government control programmes and restrictive regulations are too many and too complex, the freedom of managers to establish an optimum marketing strategy is limited. This situation may proscribe certain transfers and applications of marketing activities by foreign companies (El-Haddad, 1986; Hammad, 1991). The policies in Turkey have a negative effect on the transfer of marketing know-how, especially foreign direct investment, price control, and foreign exchange management (Aydin & Terpstra, 1981). The Saudi government is directly or indirectly involved in both commercial and financial matters (Culpan, 1985). In China many of the problems associated with marketing goods stem from the country's bewildering bureaucracy (Shao & Herbig 1995). Miller (1997) found that many government attitudes in developing countries do not encourage business activities to adopt and implement a marketing strategy because most of them are still grappling with bureaucratic complications.

Moreover, the results of the statistical analysis indicated that the Saudi marketing managers had different perceptions with non-Saudi marketing managers regarding the stagnancy of governmental measures to commercial activities. The Saudi marketing managers perceived that the stagnancy of governmental measures to commercial activities were obstacles to the application of marketing know-how whereas non-Saudi marketing managers did not perceive the governmental measures as obstacles. The interviews with a number of Saudi and non-Saudi marketing

managers provided an explanation why this is so. The interviews indicated that most of the non-Saudi marketing managers were originally coming from developing countries generally and Arabian countries specifically where the governmental measures to commercial activities in these countries are considered relatively less developed than that in Saudi Arabia (see interview no.7). On the other hand, the interviews with the Saudi marketing managers indicated that these managers have noticed no changes made to the Saudi measures on the commercial activities since 20 years ago, where such changes were needed. In addition, some of the Saudi marketing managers are acquainted with the governmental measures to commercial activities in developed countries where they lived while they were studying abroad and that enabled them to notice how developed these measures were compared to the Saudis measures (see interviews no. 2 & 4).

### **7.7.3 Socio-cultural**

The statistical results obtained in this study suggest that culture and traditions are no obstacle to the employment of marketing know-how in Saudi manufacturing companies. Six out of seven managers who were interviewed in this study support this result. However, a few of the findings in the literature were consistent with this result and others contradicted it. Ojah & Han (1997) found in their comparison that socio-cultural similarity does not make developing countries identical. They found no impact due to the socio-cultural differences between the countries.

On the other hand, the differences between societies reflect on the application of marketing know-how in developing countries because cultural sensitivity is indispensable to successful marketing in developing countries (Miller, 1988). Dadzie et al. (1991) examined the influence of social factors and technology between the developing countries and the Newly Industrialised Countries. The result reflected a

few significant differences between the two groups. Deng (1994) observed that the majority of students who trained or studied in North American or European business schools find it difficult to apply the knowledge they acquired in the western countries when they come back to their countries. The researcher believes that people and their socio-cultural background will not present an obstacle to the application of marketing activities on condition that marketing activities do not misbehave within their socio-cultural limitation. For instance, McDonalds in India ignored the sensibilities of the large Hindus population when they advertised that a burger is their main product. Hindus do not eat beef because they hold cows to be sacred (Ojah & Han, 1997).

#### **7.7.4 Religion**

In this study, the necessary data was gathered through mail questionnaires and personal interviews and these two approaches provided clear data on the role of the Islamic religion in the application of marketing activities in the Saudi manufacturing sector as marketing managers perceive. The statistical results in this study concluded that prevailing religious values are not an obstacle to the employment of marketing know-how in Saudi manufacturing sector. The findings of the personal interviews with seven managers show that six of the managers interviewed believe that the Islamic religion is consistent with their marketing activities because religion affects the entire life of the Saudi culture and the Saudi society accepts their activities. These results were found through mail questionnaires and personal interviews, and were not consistent with what has been found and discussed in some of the literature reviews. Culpan studied the interaction between the marketing system and Saudi environment. He found that the Islamic religion is the key to the Saudi culture and most elements of it impact negatively on the institutions and multinational marketing in the Saudi society (Culpan, 1985). Miller believes that religion influences the implementation of

marketing discipline in developing countries. He found that beer companies in the Turkish beer market lost almost 40 per cent of their carefully developed market within two years (Miller, 1988). In addition, one of the scholars of religion in Saudi Arabia has forbidden some marketing activities such as prizes being offered as he considered them to be gambling (Ibn Jebreen, 1997).

Although these viewpoints regarding religion which have been found in some of the literature were not consistent with what has been found in this study, the researcher supports the results of this study for many reasons. Saudi citizens know the Islamic religion best and practise it in their lives. So when any person investigates Islam in Saudi Arabia and he is not from it, he will mistake many things in Islam because he will investigate the form of the religion and not the truth of Islamic religion. Second, some Islamic countries make religion the reason for any problems in their society because they do not have a good background in Islamic religion. Third, even when one religious scholar in Saudi Arabia rejected some marketing activities, many religious scholars in the country did not agree with him (Al-Muslih, 1998; Ibn Uthaymeen, 1999; Scientific Academy of Islamic Fiqh, 2000; The Fatwa Permanent Committee, 1996). Some of them permitted these activities and others requested people to modify the form of some activities to be above suspicion (Ibn Uthaymeen, 1999; Scientific Academy of Islamic Fiqh, 2000). Fourth, many marketing activities are applied in developed countries, and some of these activities are unusable in this nation or that culture. So the majority of marketing activities agree with religion and continue to indulge in marketing activities with modifications. This would appear to be reasonable.

### **7.7.5 The Competition in the Market**

The statistical results obtained in this study suggest that the competition in the market is very high and impacts on the application of marketing know-how in the Saudi manufacturing sector. This conclusion was supported by some of the interviews carried out within this study. The researcher believes that the results reflect an accurate picture of the Saudi market which is a buyer's market, not a seller's market, as many researchers conclude (Al-Hammad, 1988; Bahuian, 1997; Bahuian, 1998; Leonidou, 1991; Tuncalp, 1988). These results also were consistent with what has been found and discussed in the literature. There are many empirical studies which have argued that corporations operating in the developing countries under a buyer's market environment would perceive marketing know-how as being more applicable than those operating under a seller's market environment because the competition will be very weak and marketing will not find a convenient environment (Akaah, et al., 1988; Cavusgil & Yavas, 1984; Dholakia & Dholakia, 1982; Hammad, 1991; Mohamad et al., 1992; Ogwo, 1987).

### **7.7.6 Top Management attitude**

The findings of the studies in the literature regarding the attitude of top management to the importance of marketing in the companies showed that many top managers in developing countries do not recognise the importance and the impact of marketing in their companies (El-Haddad, 1986; Yavas & Cavusgil, 1989). The researchers found some reasons for this attitude. First, many developing countries' markets are characterised by the demand for product and services far exceeding the supply (Kale, 1986; Kolter, 1991; Samiee, 1993). Second, education was late in the developing countries, particularly in the business schools (Yavas et al., 1991). Third,



the governments concentrated on transferring technology and investment to their countries to increase production because they thought that anything produced can be sold (Bhuiyan, 1998; Cundiff & Hilger, 1984; Miller & Levin, 1993; Yavas & Cavusgil, 1989). Fourth, there are shortages of effective marketing training programmes and they are not on-going (Yavas & Cavusgil, 1989).

However, the results in this study were not consistent with what has been found and discussed in the literature. The Saudi and non-Saudi marketing managers had a different perception regarding the motivations of top management to the marketing activities in the companies. The Saudis perceived that the majority of the top managers do not present an obstacle to the employment of marketing know-how in the Saudi manufacturing sector, while the non-Saudis perceived that top management was a barrier to the application of marketing know-how. The interviews with a number of Saudi and non-Saudi marketing managers provided an explanation of why this is so. The interviews indicated that the Saudi marketing managers have no difficulties with communicating with the top management because of similar culture, and family and social relationships. Such advantages enabled the Saudi marketing managers to have better chances for motivation and participation in the decision-making process in the company than is available to the non-Saudis. Moreover, some non-Saudi marketing managers perceive that some top managers do not encourage them because, as were found in the interviews, the top manager's qualification was lower than a Bachelors degree.

### **7.7.7 Shortage of Marketing Information**

In terms of the results regarding the lack of data and information of marketing environment in developing countries, most researchers agree that the shortage of detailed knowledge and reliable data regarding marketing impact negatively on using

marketing activities satisfactorily. The data gathered through the empirical evidence is consistent with some of the studies in the literature and showed that a shortage of marketing information is an obstacle to the employment of marketing know-how in the Saudi manufacturing sector. The data gathered through personal interviews also supported these results. Two managers (one and three) defined the main problem in their companies as being the shortage of marketing information, and there is unfortunately very little reliable data in the Saudi environment. Researchers agree that there are many reasons for marketing information in developing countries being very limited. Most firms in developing countries do not allow their employees to spend time with academic researchers to publish and communicate detailed information about the firm (Al-Naeem, 1996; El-Haddad, 1986; Tuncalp, 1988; Yavas, et al., 1991). This means that there is a gap between academic research and companies' activities in these developing countries (Al-Naeem, 1996; El-Haddad, 1986). There is no detailed knowledge or research and development department (R&D) in the majority of companies in the developing countries (Bennett, 1998; Cavusgil & Yavas, 1984; Cundiff & Hilger, 1984; Tuncalp, 1988).

## **7.8 Summary**

This chapter concentrated on the discussion of the findings in this study. The researcher highlighted in the beginning of this chapter the general findings of the research as a summary. And hence the results of the four questions and eight hypotheses have been discussed in detail. These findings, as the researcher believes, are expected to add a significant contribution to the existing knowledge about the transferability and application of marketing know-how in developing countries generally and the Saudi environment particularly.

Finally, this segment ends the discussion of the data analysis section, and this will lead us to the final chapter of the study, which will cover the summary, conclusion, implementation and direction for further research.

# CHAPTER EIGHT

## Summary and Conclusion

### 8.1 Introduction

The previous chapter covered and discussed several marketing issues that could be affected by the transfer and use of marketing know-how in developing countries. The discussion was based on the data gathered through a mail questionnaire as well as personal interviews with marketing managers in the Saudi manufacturing sector. The four questions and eight hypotheses in this study that were developed based on the literature review and Saudi environment conditions were tested, and significant insights were obtained.

This chapter is divided into four sections. The first section will focus on the summary of the main contributions of this study. The second section will discuss the limitations of the study. The third section will explore some of the implications recommended for government, manufacturing companies, foreign investors and academic researchers. The final section will highlight some suggestions for further research in this area.

### 8.2 The main Contributions of the Study

The research can be considered unique in the field of using marketing know-how in developing countries generally and in the Saudi environment in particular. Although this study concluded many results, as found in chapter six and summarized in chapter seven (see Table 7.1), there are five main contributions relevant to the main objectives of the study. First, this research has contributed to the ongoing debate as to how much marketing know-how (concepts and activities), with its roots in the

industrial culture of the United States and Western European countries, is applicable in developing countries. It is to be hoped it can help to provide an accurate picture of this debate, and shed some light on it. Many researchers have covered the majority of developing countries (East Asia, China, Malaysia, East Europe, Turkey, Egypt, Nigeria, Ghana and Sub-Saharan Africa) and this study has covered Gulf Corporation Council countries by studying the Saudi environment, as Gulf Corporation Council countries are closely linked to it in language, religion, culture and tradition.

Secondly, this research has demonstrated the marketing situation in the Saudi manufacturing sector and the attitude of marketing managers towards marketing in their companies. As mentioned in the previous chapter, the research concluded that the majority of marketing managers in the Saudi manufacturing sector perceive the usefulness of marketing concepts and apply marketing activities on a regular basis.

Thirdly, both marketing managers and manufacturing companies have many characteristics, and this research studied the relationship between the application of marketing know-how and these characteristics. Some characteristics from both marketing managers and manufacturing companies impacted on the application of marketing know-how in the Saudi manufacturing sector, such as: manager qualification, field of study, the level of experience, the participation in training programme, legal form of companies, company size, and the existence of marketing department in the company (see chapter six and seven).

Fourthly, it is the first attempt to forge a link between the applicability of marketing know-how in developing countries and the success of companies which responded in the Saudi manufacturing sector. The study showed a positive relationship between the success of manufacturing companies in Saudi Arabia when they apply

and use marketing. This success is achieved on three fronts: increasing sales, profits, and market share.

Fifthly, this research studied the impact of the Saudi environment on the transfer and use of marketing know-how in manufacturing companies as marketing managers perceive. The study concluded that the majority of Saudi environmental factors are not obstacles to the employment of marketing know-how in Saudi manufacturing companies, as marketing managers perceive. This research covered seventeen variables in the Saudi environment which gave a clear picture about marketing know-how in the Saudi manufacturing sector. Finally, because Islamic religion is paramount in Saudi society, this study demonstrated the relationship between the Islamic religion and marketing activities, and how the Islamic religion has not impeded the marketing activities to be applied in the Saudi environment (see chapter four).

### **8.3 The Limitations of the Study**

Although the research findings of the present study are important, this study like many others has some limitations. These include the following:

1. Saudi Arabia is supposed to be a developing country and thus a representative of the developing countries, however, this study has only covered this one country and we cannot extrapolate the results to all developing countries. The maximum extent to which the results could be extended to represent is the countries of the Gulf Corporation Council because there are many similar standards between them.
2. Although Gulf Corporation Council countries have similar language, tradition and religion, the sample was drawn from only Saudi companies because of the financial and time limitations. If other states of the Gulf Corporation Council

(Bahrain, Kuwait, Oman, Qatar or UAE) had been included, the information gathered would have been more comprehensive.

3. Since the study was restricted to companies in the Saudi manufacturing sector only, few generalisations can be based on its findings because other sectors were not included such as the services sector, the trading sector, the public and government sector and the agriculture sector.
4. The data were collected from marketing managers in the companies while there are other people who have an impact on the application of marketing activities in manufacturing companies. These people can be found both inside and outside the company such as: production managers, finance managers and purchase managers inside the company, while outside are distributors, traders, managers of advertising agents and the managers in government who are responsible for manufacturing companies.
5. Due to the large area of Saudi Arabia, numbers of manufacturing companies (more than 3000 companies) and the short time for completion of the empirical work, the quantitative research method was mainly used and only seven interviews were included in this research. Some researchers consider this procedure as a limitation because they prefer different methods, such as case studies.
6. Because this study has been carried out at one point in time and not over an extended period of time, it is considered to be cross-sectional in nature, based only on information about what was going on at the time of the study. Therefore, the study could not capture the real dynamic nature of applicability of marketing know-how in the Saudi manufacturing sector.

## **8.4 Implications and Recommendations**

In the light of what has been reported earlier in this chapter, the following implications and recommendations are suggested to five authorities: marketing managers in the Saudi manufacturing sector, the top managers of manufacturing companies, those responsible in government for the manufacturing sector, the academics and researchers in organisations related to the manufacturing sector and foreign investors in the Saudi manufacturing sector. These recommendations include the following:

### **8.4.1 On the Marketing Managers' Level**

- 1- The findings of this study which resulted from the questionnaire and interviews, indicated that more than half of the managers in the Saudi manufacturing sector had not specialised in business administration. Therefore, marketing managers generally and those who had not specialised in business administration specifically should join and participate in marketing training programmes to increase their skills and updating the discipline of marketing activities, and because the results from the questionnaire and interviews concluded that participation in marketing training programmes assisted marketing managers to adopt modern marketing activities and apply them in their work.
- 2- During the interviews and with the support of the questionnaire results, the researcher concluded that there was a relatively weak participation in marketing training programmes because, as mentioned by some marketing managers in their interviews, the majority on these programmes were general and irrelevant topic. The researcher, therefore, urges the marketing managers to take the initiative to



contract the training centres and clearly propose topics for special training programmes that meet their needs.

- 3- Although this study concluded that the Islamic religion is not an obstacle to the application of marketing know-how in Saudi manufacturing companies, marketing managers in the Saudi manufacturing sector should know about religion by reading or participating in courses on the relationship between religion and management. The Imam Mohammed Ben Suad University regularly holds free courses on religion for employees in Saudi Arabia. These programmes can help marketing managers deal with concepts of religion clearly and help them to know how to adapt the new activities to their religion because marketing managers cannot forgo the analysis of religion and religiosity in their decision-making (Delener, 1990).

#### **8.4.2 On the Manufacturing Companies' Level**

1. Although the researcher would prefer to find marketing activities in the Saudi manufacturing sector in the hands of Saudi employees to reduce the unemployment rate in Saudi Arabia, at the same time he hoped to see some expatriate professionals in marketing in this sector. Many studies have proved that foreign executives with advanced degrees and good experience in the marketing field help to transfer marketing know-how and new ideas in marketing activities (Hammad, 1991). Therefore, the researcher recommends that top managers in Saudi manufacturing companies hire foreign executives in a professional capacity or as trainers for Saudi employees and the expatriate professional should be in a position to transfer different ideas, knowledge and culture.
2. When manufacturing companies want to bring foreign managers in to a marketing department, they should bring him from developed countries, even if the salary is

very high, so that modern marketing concepts and activities are brought up-to-date in the Saudi manufacturing sector. The researcher found during the pilot study and interview time that the majority of non-Saudi marketing managers were from developing countries. So the results of this study did not show any difference between the Saudis and non-Saudis in their application of marketing know-how in the Saudi manufacturing sector.

3. The researcher observed in the interviews and with support in the literature reviews that there are in Saudi Arabia many specialised journals in the majority of discipline fields except marketing (Islam, 2000). The researcher suggests that manufacturing companies in Saudi Arabia can help academics and researchers to establish a periodical in the marketing field. This would give an advantage to the companies for their products. By co-operating with researchers new ideas could contribute to a solution for some of the companies' problems.
4. Manufacturing companies should differentiate their main departments and employ people according to the department's specific area of emphasis. This is particularly important in the case of large companies. It can not be healthy that around a quarter of the marketing managers in the Saudi manufacturing sector turn out to be engineering majors.
5. Saudi manufacturing companies should think about the tough competition they will face in the near future when Saudi Arabia joins the World Trade Organisation (WTO). Unfortunately, statistical results showed that more than a quarter of Saudi manufacturing companies are small companies (with less than 20 employees or less than RS 5 million) and the majority of this group are sole proprietorship companies. Moreover, the top managers of many of these companies are responsible for marketing activities and some of these companies have been

making less profit. Therefore, Saudi-manufacturing companies should be more and more aware of the risk of competition with many foreign companies in the future. Saudi manufacturing companies should consider merging, particularly small companies in the same market and area. This merger would increase the capital of the new company and provide more opportunity to diversify and promote production. By the same taken, the company would be in a stronger position to face competition from foreign companies by employing marketing strategies.

#### **8.4.3 On the Saudi Researchers' Level**

1. Although there are many researchers in the universities, institutions, search centres and some big companies in Saudi Arabia, their research projects are few because many of them are busy with managerial duties. These researchers should increase their output of articles particularly on the Saudi environment, even if satisfactory data is not always available. Conducting interviews, visiting companies making observations and sending questionnaires, even if only in one region would be the best way to collect data and write good articles. Moreover, these articles from the researchers about the Saudi environment would encourage the government, companies and search centres to give information and any data to other researchers.
2. There have been marketing training programmes in Saudi Arabia during the past five years. However, these courses should be less expensive and specialist because the researcher observed in the interviews that many employees want to benefit from these courses but they cannot because the programmes are very expensive and sometimes have general subjects in marketing. Unfortunately, many universities and Saudi Chambers of Commerce and Industry want to gain a lot of

money from the courses and make them general to justify the large number of participants on every course. Even marketing training programmes are highly theoretical, but do not related to the problems faced by practising managers (Al-Khatib et al., 1989).

3. Although there are only three marketing departments in the Saudi universities, the researchers can conduct a lot of research with their students in these departments. However, many teachers and doctors in the Saudi universities explain their lessons on a theoretical level and ignore research work, whereas Saudi students can make excellent fieldworkers (Tuncalp, 1988).

#### **8.4.4 On the Government Level**

1. Business systems and policies in any country are put into practice after deep study and they are modified when necessary to be successful in the long term. Therefore, the Saudi government should examine these systems from time to time because what is good today, may be bad tomorrow. Secondly, the Saudi government could examine these systems easily if they co-operated with the chambers of commerce and industry, university academics, and researchers to obtain knowledge of new ideas and recommend any system and how can they develop it. Moreover, government funds for business research should be equal with other sciences because the lion's share of funds often goes to the physical sciences, engineering, technology and medicine (Yavas et al., 1991).
2. There is a difference (Fatwa) between scholars of religion on some marketing issues, because some of them did not study the case from all sides or do not have a background in marketing activities. The researcher suggests that Saudi education should put some management courses in religion colleges and some religious courses in management colleges as well. Secondly, the Fatwa should be from more

than one scholar of religion or from a committee. Any Fatwa from one person should not be accepted or published.

3. The shortage of information and reliable data on the market environment is one of the main problems in many developing countries, certainly in Saudi Arabia. For example, the Saudi population in recent years is not known exactly because the last primary result of the general census in Saudi Arabia was in 1992. The Saudi government should update its data and publish it regularly. The researcher believes that King Abdul-Aziz City for Science and Technology (KACST) and academics researchers in the Saudi universities can carry out this activity if they get permission from the government.
4. During this research and with the support of literature reviews, the researcher concluded that the advertising cost in television or print media in Saudi Arabia is very expensive in comparison with many countries. The government should know that the monopoly of mass media, which was the case in the 80s and early 90s of the previous century, no longer exists because of satellite TV and the revolution of the Internet being available to everybody in the world. Consequently, there is tough competition between Saudi mass media and other mass media for Saudi consumption. However, due to the majority of Saudis still watching Saudi TV channels and reading their print media, the government still has a good chance to get the biggest market share in advertising expenditure if it reduces the cost of advertising in all mass media.
5. The researcher found during the interviews and literature reviews that the infrastructure in Saudi Arabia is very good except for the post office which is a hindrance manufacturing companies and marketing activities to achieve their objectives. Government needs to invest heavily, over a long time and put in a huge

effort to improve this system and develop this department. The best solution, in the researcher's opinion, is to transfer the postal services department to a private company. The telecommunications department, for instance, developed and proved to be successful when the government transferred it to the private sector.

6. Although joint stock companies in the Saudi manufacturing sector have been most successful and most of them impact positively on the application of marketing know-how, they are in the minority in the Saudi manufacturing sector (less than 10% of the population in the Saudi manufacturing sector). Therefore, the government should introduce new legislation to encourage small companies to merge and to transfer to be joint stock companies before Saudi Arabia joins the World Trade Organisation.

#### **8.4.3 On the Multinational Companies' Level**

1. Saudis' culture and traditions do not impact negatively on the application of marketing know-how in Saudi manufacturing companies because these companies still respect Saudi traditions and do not misbehave within their socio-cultural restraints (Yavas & Abdul, 1993). Therefore, multinational corporations should carefully study the Saudi culture and traditions before doing business or increasing their investments in Saudi Arabia. There are hundreds of books and articles published about Saudi Arabia. Nowadays, the Internet saves time and also makes a lot of information available. Saudis Embassies provide and distribute information about Saudi Arabia all over the world.
2. Advertising is the shop window for customers and it impacts heavily on consumption in any market. Unfortunately, the cost of advertising in both Saudi print and electronic media is very expensive (Mashiakh, 1994; Tuncalp, 1994; Tuncalp, 1998). Therefore, multinational corporations should study all types of

print and electronic media alternatives available in Saudi Arabia for their strengths and weaknesses before finalising their media choices. Moreover, defining the market segments for their products and the best time for advertising is a good method to save costs and time.

3. Political activities are very sensitive in Saudi society and the Saudis do not like to discuss politics. Multinational corporations should differentiate between their business and their governments' policies to be successful in the Saudi environment.
4. Saudi citizens are the closest adherents to the Islamic religion and practise it in their lives, so multinational companies should be well-informed about Islam (its practices and the liturgical year) and try to modify their policies and activities with Islam in mind, to be acceptable in the Saudi environment. For example: the demand for some products is increased in the religious seasons such as Pilgrimage (Haj), Ramadan and the Holidays. Multinational companies can take advantage of these seasons.

## **8.5 Directions of Further Research**

A large number of topics were raised in this thesis which require further attention. Studying the transferability and application of marketing know-how to developing countries is very important as observed in this thesis and others. Due to this thesis having no precedent in Saudi Arabia, it is hoped that it will open new avenues for management and marketing researchers in Saudi Arabia to carry out more studies in this field. The following are suggestions that could be the basis for further investigation on this topic:

1. After enough minor modification, the methodology used in this study could be applied to study the applicability and transfer of marketing know-how to developing countries in many sectors in Saudi Arabia such as the public and government sector, services, trading and agriculture.
2. A study to investigate the application of marketing know-how in Saudi Arabia by small and micro-manufacturing companies, particularly because the results in this study and others found that big companies use and apply marketing know-how more than small companies. The objective of this further research is to define the reasons which could be barriers to the application of marketing know-how in developing countries generally and Saudi Arabia in particular.
3. A study to investigate the methods of transfer of marketing know-how from developed countries to developing countries such as: training, two-way visits, meetings, reports, letters and exchange of written materials.
4. A study to investigate and compare a number of Arab countries with Saudi Arabia in the applicability and transfer of marketing know-how to developing countries, in order to find out which countries are most successful and what the similarities and differences are between them.
5. After applying a new system of foreign investment in Saudi Arabia, foreign manufacturing companies in Saudi Arabia will increase by three or four next year. Consequently, a study to investigate the comparison between the local and foreign manufacturing companies in their use of marketing practices would be useful to establish which ones employ more marketing.
6. Finally, social marketing has become an important issue in the field of management science in developing countries, and it has gained great significance



for today's organisations particularly in developed countries. Further research in the applicability of social marketing is needed in countries such as Saudi Arabia.

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## **APPENDICES**

### **APPENDIX A**

#### **A Letter to Manufacturing Companies in Dundee City as A Pilot Study for Questionnaire**

**Dear Marketing Manager:**

I am conducting a Ph.D. study at the University of St-Andrews, Scotland. The main objective of this study is seeking to investigate about marketing know-how (concepts & activities) in manufacturing companies in Saudi private sector for helping shed light on the debate concerning the application of marketing know-how in developing countries.

To this effect, enclosed is a questionnaire and I would be very grateful if you could kindly spare a few minutes to look through it and give comment and suggestion.

What I am looking for is the following:

- 1- Does the questionnaire need more questions in this subject area?
- 2- Is the organisation of this questionnaire sufficient or does it needs more classification?

**Thank you fore your cooperation**

**The researcher**

**Saleh A. Al-Mulhem**  
10 Burnhaven Gardens  
Dundee DD5 1QU



## APPENDIX B

### A Letter from the Chairman of the Council of Saudi Chamber of Commerce and Industry to Saudi Managers



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ  
مجلس الغرف التجارية والصناعية السعودية  
Saudi Chamber of Commerce and Industry

رقم: ٤٨٦٦٣ / م.م.ر.م. / ١٩٩٠  
Date: ١٤١٠ / ٦ / ١٩

المحترم

سعادة المدير العام

السلام عليكم ورحمة الله وبركاته ،،

نود افادة سعادتك بأنه قد تم اختيار مايتكم ضمن مجموعة من المنشآت الصناعية العامة بالمملكة ، للمشاركة في دراسة تهدف إلى معرفة مدى تطبيق المنشآت الصناعية السعودية للمعرفة التسويقية الحديثة ( Marketing Know-how ) ومدى استفادتهم منها . وتأتي هذه الدراسة كجزء من بحث أعده الباحث صالح بن عبد الله الملحم للعصول على درجة الدكتوراة في إدارة الأعمال من أحد الجامعات البريطانية . نجدون مع هذا الخطاب استبينة هدفها جمع بعض المعلومات عن الأنشطة التسويقية في منشآتكم ،

نأمل من سعادتك مشكوراً توجيه هذه الاستبانة إلى مدير التسويق أو الشخص المسؤول عن النشاط التسويقي في منشآتكم لتعنيتم وإعادتها في المظروف المرفق . كما نأمل أن يحوز خطابنا هذا على اهتمامكم الشخصي لأهمية هذا البحث في تطوير الصناعة الوطنية ونهيتها لمواجهة التحديات العالمية ، مع ثقنا الكبيرة بتعاونكم في هذا المجال .

وتقبلوا وأقر التحية والتقدير ،،  
التوقيع

الأمين العام

م / أسامة محمد مكي الكردي

## APPENDIX C

### The questionnaire covering letter (In English)

Dear Sir of marketing manager\*

Marketing knowledge is of growing significance and plays an important role in the manufacturing sector throughout the world. The issue of marketing know-how (concepts & activities) transfer to developing countries is debatable among researchers and marketing theorists. Therefore, this questionnaire is a part of the empirical work required for a Ph.D. degree at University of St-Andrews.

The purpose of research is seeking to learn more about marketing know-how in manufacturing companies in the Saudi private sector and to what extent this knowledge is applicable in these companies. I am also interested in identifying the barriers to transfer marketing know-how in developing countries. Moreover, examine the impact of the characteristics of both the company and marketing manager and the Saudi business environment on the application of the marketing know-how.

Since your company is one of thousands of the manufacturing companies in Saudi Arabia, for the year 1999, it is very important for us to know your views about this subject which will be of benefit to researchers general and Saudi's companies in particular. Therefore, we would be most grateful to your cooperation with this study, which will take less than twenty minutes of your time. We assure you that all data and information provided would be treated with the utmost secrecy and they will be used only for the purpose of the scientific study. We offer to provide you with a copy of the findings of this research if you so wish.

Considering that the researcher is staying for a short time in Saudi Arabia, he would like you to fill in the questionnaire and return it in the enclosed envelope as soon as possible.

**Thank you for your cooperation**

**Saleh A. Al-Mulhem**  
**Researcher**  
University of St-Andrews.

**Prof. Mo Malek**  
**Professor of Management**  
University of St-Andrews

\*In case your company does not have a marketing department, please forward the questionnaire to the person who is in charge of marketing activities.

**APPENDIX D**  
**The Mail Questionnaire (In English)**

**Part One: Background information about marketing manager or  
the person who is in charge of marketing activities.**

Please circle one of the following:

1-	<b>Age</b>	Less than 25 Years	26 – 35 years	36 – 45 years	46 – 55 years	Over 55 years
		1	2	3	4	5

2-	<b>Nationality</b>	Saudi	Non Saudi, please specify (-----)
		1	2

3-	<b>Highest qualification</b>	Lower than Bachelor	Bachelor	Master	Ph.D.	Other* (pleas specify) (-----)
		1	2	3	4	5

4-	<b>Field of study</b>	Business Administration	Public Management	Industrial Management	Engineering	Other (Pleas specify) (-----)
		1	2	3	4	5

5-	<b>Where did you get your high education?</b>	Saudi Arabia	United State	Western European countries	Other* (pleas specify) (-----)
		1	2	3	4

6-	<b>How long have you been in the current position (Round to the nearest year)</b>	Less than two year	2 – 5 years	6-10 years	11-15 years	More than 15 years
		1	2	3	4	5

7-	<b>How long have you been in this company (Round to the nearest year)</b>	Less than two year	2-5 years	6-10 years	11-15 years	More than 15 years
		1	2	3	4	5

8-	<b>Your previous functional experience before this function</b>	Marketing	Production	Finance	Personals affairs	Other (pleas specify) (-----)	No there
		1	2	3	4	5	6

9-	<b>The participation in the training programmes in marketing field.</b>	Never	One time	2-5 times	6 and more
		1	2	3	4

10-	<b>Are you a member of any marketing professionals association?</b>	Yes	No
		1	2

## Part two

Company information. (Please circle one in the following).

**11- Which of the following sectors best describe the manufacturing activities of your company:**

Manufacture of food & beverages	1
Textile, wearing apparel and leather industries	2
Manufacture of wood & wood product	3
Manufacture of paper, printing & publishing	4
Manufacture of chemicals & plastic products	5
Manufacture of construction materials, chinaware, ceramic and glass	6
Basic metal industries	7
Manufacture of machinery, equipment and fabricated assembling products.	8
Other Manufacture industries (Please specify) -----	9

12	<b>Ownership</b>	Saudi 100%	Joint venture	Foreigner 100%
		1	2	3

13	<b>Legal form of organization</b>	Sole proprietorship	Limited liability	Joint stock companies	Partnerships	Another form, "-----"
		1	2	3	4	5

14	<b>Which of the following best describes the main thrust of your organization's type production?</b>	Consumer productions	Industrial productions	Both Consumer and Industrial productions
		1	2	3

15	<b>Number of Products in your company</b>	One product	2-4 products	5-9 products	10 and more
		1	2	3	4

16	<b>Approximate number of employees who are currently employed by your organization.</b>	Less than 20	Between 20-50	Between 51-100	Between 101-500	More than 500
		1	2	3	4	5

17	<b>Total investment in your company (in Saudi Riyal).</b>	Less than 5 million	5-20 million	21 – 50 million	51 – 100 million	More than 100 million
		1	2	3	4	5

**18- The competition in the market, which your organization operates in, is:**

Totally not competitive	Limited competition	Competitive	Highly Competitive	Very highly Competitive
0	1	2	3	4

**19- Does your organization has a marketing department/division?**

Yes : Please go to Q. 20	No : Please go Q. 21
1	2

**20-If “Yes”, in your opinion how the participation of marketing department in the organisational decision-making is?**

Weak participation	Satisfied participation	High participation
1	2	3

**21- If “No”, under what department are the functions of marketing performed?**

Sales	Top management	Production	Finance	Other (pleas specify) (-----)
1	2	3	4	5

**22- How would you describe your company’s success during the last three years?**

**(Please circle one choice for each statement).**

	<b>Observing decrease</b>	<b>About the same</b>	<b>Observing increase</b>
<b>A) The sales</b>	1	2	3
<b>b) The profit</b>	1	2	3
<b>c) The market share</b>	1	2	3

### Part three

The objective of this part is to define the extent to which your company performs a number of activities generally classified under the functional area of marketing. Please indicate by a circle around the number, which reflects your viewpoint about a number of times which your company performed each of these activities in the marketing area.

Practices and activities concerning marketing management	Perform per year				
	Not applicable	Seldom	Some times	Usual	Always
<b>23- Objective setting:</b> To what extent does the company set obvious marketing objectives (For example: the objectives related to sales, profits, or market share) to be used for measuring performance.	0	1	2	3	4
<b>24- Marketing planning:</b> To what extent does the company prepare official marketing plans which define the objectives of marketing activities, and the devices to achieve them	0	1	2	3	4
<b>25- Coordination and integration:</b> To what extent does the company hold meetings to coordinate and integrate between different marketing activities such as: advertisement, sale, products' planning, marketing researches, distribution, pricing, promotion, goods deliver, and control inventory.	0	1	2	3	4
<b>26- Motivation:</b> To what extent does the company perform to motivate the persons who implement marketing strategies or activities.	0	1	2	3	4
<b>27- Evaluation and control:</b> To what extent does the company evaluate and control marketing activities in the following fields:					
a) Analyse the profit of products or services which the company introduces to the market.	0	1	2	3	4
B) Analyse the profit of the markets which the company is working in.	0	1	2	3	4
C) Analyse the profit of distribution channels which the company use.	0	1	2	3	4
D) Analyse the profit of different locations outlets.	0	1	2	3	4
E) Analysis of marketing cost	0	1	2	3	4
<b>28- Marketing research:</b> To what extent does the company undertake marketing researches in the following fields:					
A) Consumers and customers	0	1	2	3	4
B) Competitors	0	1	2	3	4
C) Distribution channels	0	1	2	3	4
D) The company profits	0	1	2	3	4
E). The company total selling.	0	1	2	3	4

## Part four

To define the extent to which the following marketing concepts maybe useful in terms on marketing practice within your company. Please indicate by a circle around the number, which reflects your viewpoint about the usefulness of each concept.

<b>Marketing concepts</b>	<b>How useful?</b>				
	<b>Not at all</b>	<b>Slightly</b>	<b>Some Times</b>	<b>Quite</b>	<b>Extremely</b>
<b>29- Market oriented :</b> How useful is it for the company to adopt the consumer-oriented philosophy, which states that the satisfaction of consumer needs and wants, should be the primary focus on marketing strategy in order to meet organization own goals.	0	1	2	3	4
<b>30- Product positioning:</b> How useful is it for the company to adopt the strategy of projecting a specific images for a product/service either by itself or in relation to competitors' products/services.	0	1	2	3	4
<b>31- market segmentation:</b> How useful is it for the company to adopt the strategy whereby a heterogeneous market is divided into smaller segments that are homogeneous by some relevant characteristic and a distinct marketing mix is developed for one or more segment.	0	1	2	3	4
<b>32- Optimization of the marketing mix:</b> How useful is it for the company to adopt the management approaches to marketing which seek to combine elements of the marketing mix (product, place, price, and promotion).	0	1	2	3	4
<b>33- product differentiation:</b> How useful is it for the company to adopt the strategy whereby promotional efforts aim to differentiate an organization's products/services from that of competitors, thereby establishing in customers' minds the superiority and preferability of its products compared to competing brands.	0	1	2	3	4
<b>34- The building of brand loyalty:</b> How useful is it for the company to adopt the strategy that seeks to build loyalty to an organization's products/services in preference to competitor's products/services.	0	1	2	3	4
<b>35- Test marketing:</b> How useful is it for the company to introduce limited new product/service in some selling areas to assess buyers' reactions toward this product/service prior to its wider introduction.	0	1	2	3	4

## Part five

In this section, the factors that are thought to be obstacles in applying marketing know-how in the developing countries are listed. To what extent does any of these factors hinder the application of marketing know-how in the Saudi environment. Please indicate by a circle around the number, which reflects your viewpoint whether you agree/disagree.

Obstacle factors	How hindering				
	Not at all	Slightly	Medium	Some times	Strongly
36-Economic stability situation	0	1	2	3	4
37-Government (political system) situation	0	1	2	3	4
38-The stagnancy of governmental measures on commercial activities	0	1	2	3	4
39-Culture and traditions	0	1	2	3	4
40-Prevalent religions values	0	1	2	3	4
41-Lack of formal marketing education.	0	1	2	3	4
42-lack of professional marketing personnel	0	1	2	3	4
43-The competition in the market	0	1	2	3	4
44-Stagnancy in company policies	0	1	2	3	4
45-Resistance to new concepts in marketing activities	0	1	2	3	4
46-Low encouragement from top management for self-initiative.	0	1	2	3	4
47-Lack of opportunities for marketing management to participate in the main decision-making in the company.	0	1	2	3	4
48-Focusing on production tasks rather than marketing tasks.	0	1	2	3	4
49-Short-term profit strategy (objective).	0	1	2	3	4
50-Limited training programmes in marketing field.	0	1	2	3	4
51-Lack of advanced technology in the company	0	1	2	3	4
52-Shortage of marketing information.	0	1	2	3	4
53-Other factors:					
1 <sup>st</sup> -----	0	1	2	3	4
2 <sup>nd</sup> -----	0	1	2	3	4
3 <sup>rd</sup> -----	0	1	2	3	4





**APPENDIX E**  
**The First Follow up letter**

Date  
Address  
Tel:

Dear Sir,

**God's peace and mercy be with you**

Three weeks ago, I sent you a questionnaire seeking information with respect to the transferability and the applicability of marketing know-how in the manufacturing companies in the Saudi private sector. It is very important for me to know your views regarding this important issue, because your company is the one of the most successful and important in Saudi Arabia.

If you have already completed and returned the questionnaire, I would like thank you and please ignore this letter. If you have not done so yet, would you please complete and return it to me as soon as possible.

**Thank you for your time and your corporation.**  
**I hope to hear from you soon**

**Saleh A. Al-Mulhem**  
Researcher  
Imam University

**APPENDIX F**  
**The Second Follow up letter**

Date  
Address  
Tel:

Dear Sir,

**God's peace and mercy be with you**

According to my regret, further Five weeks ago, I sent you a questionnaire regarding the transferability and the applicability of marketing know-how in manufacturing companies in the Saudi private sector. I am surprised and very much regret not to have heard from you in response to the last letter.

Since your organise is the one of the most successful and important in manufacturing companies in the Saudi private sector, it is very important to know your opinions and ideas regarding this important issue.

If you have already completed and sent the questionnaire, thank you very much and please ignore this letter. If not, could I ask you to do so to day?

**Thank you for your corporation, and I hope to hear from you soon**

**Saleh A. Al-Mulhem**  
**Researcher**  
**Imam University**

**APPENDIX G**  
**Group of Fatwa (Legal verdicts) Reacted to Some of Marketing**  
**Activities in the Islamic Society**

Appendix G-1: The Commercial prizes in Some Markets

**Q- Some stores hold prizes as a kind of promotions to increase their total selling, Is it permissible or not?**

According to Sheikh Ibn Jibreen he has forbidden these activities and considered them as gambling. He answered "No doubt that the prizes offered by some stores (shops) are not meant to increase the benefit of the people, but are meant to attract more customers and propagate the trade. More people will come for the prizes and the shops will make more profits. The prizes represent a small part of these profits. Sometimes they raise the prices of their goods when they see that more people demand them. These high prices meet the prizes they pay the buyers and winners of the competitions. By so doing they harm other merchants who do not do the same, for customers neglect the one and are attracted to those stores and groceries that offer prizes or make discount for more buyers. Even fuel stations offer free Car-Wash or discount in prices. Garages (Workshops) also encourage car owners by giving prizes when their cars are being fixed or maintained. The owners of Visa Cards are also offered some discounts at some supermarket, hotels, private hospitals (clinics), workshops, and the likes, in return for what these places pay to the firm that issues Visa Cards. These practices, no doubt, resemble gambling in that they are harmful to other stores as mentioned above". Sheikh Ibn Jibreen, Abdullah (1997)

**Source:** Al-DAWAH, (1997), 30 (1609) 43.

Appendix G-2: Selling discount coupons for gas

**Q- We are offering a program to sell fuel to people, the details of which are as follows: pay 200 riyals and get coupons for gas worth 210 riyals plus a free car wash, knowing that the amount of 200 riyals is being paid in advance when you buy the gas coupons. Is this offer halaal or haraam?**

*Praise be to Allaah.*

If the matter is as described, it is permissible to sell the coupons for gas plus a car wash for the amount stated, because the sale is in fact for the amount of gas described plus the car wash, and there is no deception, ribaa or jahaalah (purchase of unknown product) involved.

**Source:** The Permanent Committee for Research and Ifta'a, (1996). Alriyadh, Saudi Arabia, 13/34.

## Appendix G-3: Ruling on commercial advertising

**Q- If I have some kind of business or goods to sell, is it permissible for me to launch a campaign to advertise these products or services?**

The idea of advertising in order to attract business is one of the modern ideas that cannot be regarded as being exempt from the general Islamic principles governing transactions. But because, in many cases, this method of attracting business has gone too far, we have to mention these general principles in detail, paying special attention to the aims of Sharee'ah and correct etiquette. This includes the following points:

Firstly: the businessman must have a good intention when advertising, i.e. his intention should be to acquaint people with the advantages of his goods or services, to draw their attention to things they did not know about them, and to provide other information that they may need about them.

Secondly: he must always be honest in his advertising; what he says must reflect the reality of the product or service. Honesty is an essential fundamental in all dealings, but especially in selling. The Prophet (peace and blessings of Allaah be upon him) said: "The two parties engaged in a transaction have the choice of either going ahead with the transaction or canceling it, until they part. If they are open and honest, their transaction will be blessed for them, but if they conceal things and tell lies, that will destroy the Barakah (blessing) of their transaction." (Narrated by al-Bukhaari, no. 2079 (2/82-83), and by Muslim, 1532 (3/162), from the hadeeth of Hakeem ibn Hizaam). One of the essential means of being honest is to avoid over-praising a product or service or exaggerating about it, for this could go beyond the bounds of being open and honest. The Prophet (peace and blessings of Allaah be upon him) said: "Try not to praise products to one another" (Al-Tirmidhi, no. 1268), i.e., the vendor should not praise it in order to encourage the one who hears him to buy it, so that the only reason he buys it is what the vendor says. Some of the scholars counted praise of a product for what it is as a kind of insane or senseless speech from which people should refrain. The guideline here is that the vendor should refrain from saying anything which could later result in regret on the part of the purchaser.

Thirdly: the vendor should avoid any kind of cheating and deception in his advertising; i.e., he should not make the product appear more attractive than it is, or conceal its faults, or praise it in terms of characteristics and features that it does not have. All of this is haraam, as stated above.

Fourthly: a vendor's advertising should not include any condemnation or belittling of any other person's products or services, and it should not try to cause harm unjustly to others. The Prophet (peace and blessings of Allaah be upon him) said: "None of you truly believes until he wants for his brother what he wants for himself." (Narrated by al-Bukhaari, no. 13 (1/2), and by Muslim, no. 45 (1/67), from the hadeeth of Anas ibn Maalik). The guideline here is that if something would cause him distress if it were done to him, he should not do it to others. The Prophet (peace and blessings of Allaah be upon him) said: "There should be no harm and no reciprocating of harm." (Narrated by Ahmad, 5/326-327, 313), and by Ibn Maajah, no. 2340-2341, from the hadeeth of 'Ubaadah ibn Saamit).

Fifthly: the advertising should contain nothing that calls people to be extravagant or to spend too much, because these are things that are forbidden in Islam. Allaah says (interpretation of the meaning): "... and waste not by extravagance. Verily, He likes not Al-Musrifoon (those who waste by extravagance)." [al-An'aam 6:141]. "But spend not wastefully (your wealth) in the manner of a spendthrift. Verily, the spendthrifts are brothers of the Shayaateen (devils)" [al-Israa' 17:26-27]

Sixthly: the advertising should contain nothing that violates the sanctity of the pure sharee'ah, such as advertising haraam things or being accompanied by things that are not allowed, such as music and singing, or showing women, and so on.

Seventhly: the advertising should not be so expensive that the consumer has to pay towards the cost of the advertising. It should be brief and to the point, concisely describing the product or service without going to extremes that may cause the price to be raised.

And Allaah knows best.

**Source:** Al-Muslih, Khaalid (1997), "*the Marketing Commercial Motivations*" Alriyadh, Saudi Arabia, P. 209.

#### Appendix G-4: Discount on cost of laundry if one pays in advance

**Q- Some laundry services tell people, buy a voucher for seventy riyaaals – for example – and we will do laundry for you worth one hundred riyaaals. If the customers do not buy this voucher, they will pay one hundred riyaaals for one hundred riyaaals' worth of laundry; if they buy it for seventy riyaaals, it will entitle them to have one hundred riyaaals' worth of laundry washed. So this voucher is a kind of discount. Is it permissible to buy it from them and use it for one's laundry?**

We put this question to Shaykh Muhammad ibn Saalih al-'Uthaymeen, may Allaah preserve him, who answered as follows: Yes, it is permissible, because they are saying, if you buy the voucher in advance, we will wash your garment for seventy riyaaals, otherwise it will cost you one hundred.

*And Allaah knows best.*

**Source:** <http://www.islam-qa.com/11/11/2000>.

## Appendix G-4: Ruling on sales or offering discounts

**Q- Some stores hold sales or offer discounts as a kind of promotion to attract customers. Is it permissible for me, as a storekeeper, to do this? What is the ruling on buying from stores during their sales?**

Most of the scholars say that it is permissible to sell goods and services for less than the going rate. This is the view of the Hanafi madhhab, Ibn Rushd among the Maalikiis, the Shaafa'is and Hanbalis, and of Ibn Hazam among the Zaahiris. The evidence for this opinion is:

Firstly: that the Prophet (peace and blessings of Allaah be upon him) counted interference with the setting of prices to be a form of oppression (*zulm*) which should be stopped. He (peace and blessings of Allaah be upon him) said: "Allaah is the One Who withholds, bestows and sets values. I hope that I will not meet Allaah with anyone demanding restitution from me for any wrongdoing I may have done to him with regard to his blood or his wealth." (Narrated by Imaam Ahmad in *al-Musnad*, 3/165, 286; al-Tirmidhi, *Kitaab al-Buyoo'*, no. 1314, 3/597; Ibn Maaajah, no. 2200, 2/741.

Secondly: sharee'ah encourages people to be easygoing when buying and selling, and in all transactions. The Prophet (peace and blessings of Allaah be upon him) said: "May Allaah have mercy on a man who is easygoing when he buys, when he sells and when he asks for payment." (Narrated by al-Bukhaari, no. 2076, 2/81, from the hadeeth of Jaabir ibn 'Abd-Allaah, may Allaah be pleased with them both). Undoubtedly selling something for less than the going rate is included in this. Ibn Rushd said, concerning a person who sells something more cheaply than others in the marketplace: "He will be thanked for that if he does it for the sake of people, and he will be rewarded for it if he does it for the sake of Allaah."

Thirdly: the price of goods and services belongs by right to their owners, and nobody has the right to dictate to them concerning that or to force their opinions concerning their value. (See *Tabayyun al-Haqaa'iq*, 6/28; *al-Mughni*, 6/312). Some scholars said that it is not permissible to sell goods and services for less than the going rate. The more correct view is that it is permissible to sell things for less than the going rate, because of the strength of the evidence that this is so, and because sales and other transactions (barter) are based on the mutual consent of the parties involved, as Allaah says (interpretation of the meaning): "except it be a trade amongst you, by mutual consent" [*al-Nisaa'* 4:29]. This is the view of the Maalikiis.

If the vendor agrees to sell his goods or services for a price less than the prevailing market rate, there is no reason why he should be prevented from doing so, as the general guideline is that sales are basically permissible. Allaah says (interpretation of the meaning): "Allaah has permitted trading" [*al-Baqarah* 2:275]. So no sales should be prevented unless it is on the grounds of reliable evidence. But if the Muslim leader thinks that the interests of the people can only be served by preventing sales at less than the going rate, because leaving things as they are may cause corruption, then it is permissible (to put a stop to these sales), and there is nothing wrong with doing so, because the aim is to put things right for people. If the only way to do this is to put a stop to sales at less than the going price, then this is permissible and may indeed be obligatory.

**Source:** Al-Muslih, Khaalid (1997), "the Marketing Commercial Motivations" Alriyadh, Saudi Arabia, p. 171.

## Appendix H The Questionnaire Covering Letter (Arabic)

بسم الله الرحمن الرحيم

**سعادة مدير التسويق \* سلمه الله  
السلام عليكم ورحمة الله وبركاته ..... وبعد**

لقد أصبحت المعرفة التسويقية الحديثة ذات أهمية متنامية و دور بارز في القطاع الصناعي في العالم. ونظرا لنمو وتطور هذه المعرفة في الدول المتقدمة ، فإن قضية نقلها وتطبيقها إلى الدول النامية مازال محل جدل بين الباحثين . لذا أقدم بين أيديكم الاستبيان المرفق مع هذه الرسالة كجزء من دراسة ميدانية للحصول على درجة الدكتوراه من جامعة (St-Andrews) سانت أندرس بالمملكة المتحدة .

تهدف هذه الدراسة إلى التعرف على وضع المعرفة التسويقية في المنشآت الصناعية بالمملكة العربية السعودية ومدى تطبيقها، ومدى جدوى وفائدة تلك المفاهيم والأنشطة التسويقية على المنشآت الصناعية. وهل هناك اختلاف في وجهات النظر لمديري التسويق حول فائدة هذه المعرفة ودرجة تطبيقها؟ ومدى تأثير كل من الخصائص المتعلقة بمدير التسويق والخصائص المتعلقة بالمنشأة وكذلك العوامل البيئية للمملكة العربية السعودية على تطبيق هذه المعرفة الحديثة .

لقد تم اختياركم بين آلاف المنشآت الصناعية بالمملكة، خلال عام 1420هـ، للتعرف على رأيكم ووجهة نظركم حول هذا الموضوع والذي سيفيد الباحثين في هذا المجال بوجه عام والمنشآت الصناعية بوجه خاص . لذا آمل من سعادتكم التكرم مشكورين بالإجابة على الاستبيان والذي لن يأخذ من وقتكم أكثر من عشرين دقيقة ، مؤكدا لكم بأن ما تقدمونه من معلومات سوف تعامل بسرية تامة وسوف تستخدم فقط لغرض البحث العلمي في هذه الدراسة.

وحرصا من الباحث على ضرورة الحصول على هذه المعلومات ، في ظل قصر المدة المتاحة لديه في المملكة، يمتنى منكم سرعة الإجابة على الاستبيان وإعادته إليه في الظرف المرفق ، مؤكدا لكم استعداده لتزويدكم بنسخة عن نتائج هذا البحث إن كانت لديكم الرغبة في ذلك.

شكرا لكم على تعاونكم البناء من أجل البناء

**الباحث**

**صالح بن عبد الله الملحم**

\* في حالة عدم وجود مسمى مدير تسويق الرجاء توجيه الاستبيان إلى الشخص المسؤول عن الأنشطة التسويقية في المنشأة.

\*\* تم استخدام كلمة "منشأة" التهجير عن الشركة أو المؤسسة أو المصنع أو أي منظمة إنتاجية.



## Appendix I The Mail Questionnaire (Arabic)

### الجزء الأول: معلومات عن مدير التسويق (أو مسؤول النشاط التسويقي) بالمنشأة:

الرجاء وضع دائرة حول الإجابة المناسبة:

1	العمر	أقل من 25 سنة	من 25-35 سنة	من 36-45 سنة	من 46-55 سنة	56 سنة فأكثر	
		1	2	3	4	5	
2	الجنسية	غير سعودي من فضلك حدد (.....)					
		1	2				
3	آخر مؤهل تعليمي حصلت عليه	أقل من البكالوريوس	البكالوريوس	ماجستير	دكتوراه	أخرى من فضلك حدد (.....)	
		1	2	3	4	5	
4	مجال دراستك	إدارة أعمال	إدارة عامة	إدارة صناعية	هندسة	أخرى من فضلك حدد (.....)	
		1	2	3	4	5	
5	الدولة التي حصلت منها على آخر مؤهل علمي	السعودية	أمريكا	أوروبا الغربية	أخرى من فضلك حدد (.....)		
		1	2	3	4		
6	عدد السنوات في الوظيفة الحالية	أقل من سنتين	2-5 سنة	6-10 سنة	11-15 سنة	أكثر من 15 سنة	
		1	2	3	4	5	
7	عدد سنوات عملك في المنشأة	أقل من سنتين	2-5 سنة	6-10 سنة	11-15 سنة	أكثر من 15 سنة	
		1	2	3	4	5	
8	الخبرة السابقة قبل هذه الوظيفة	النشاط التسويقي	النشاط الإنتاجي	الشؤون المالية	شؤون الموظفين	أخرى من فضلك حدد (.....)	
		1	2	3	4	5	
9	المشاركة في البرامج التدريبية في مجال التسويق؟	لم أشرك	مرة واحدة	من 2 إلى 5 مرات			
		1	2	3			
10	هل أنت عضو في إحدى الجمعيات المتخصصة في مجال التسويق؟	لا يوجد					
		لا					
		نعم					
		1					
		2					

## الجزء الثاني

معلومات عامة عن الشركة.

الرجاء وضع دائرة حول رقم الإجابة المناسبة.

11- أي من المجالات الصناعية التالية تنتمي إليها منشأتكم ؟ (حدد واحد فقط).

1	صناعة المواد الغذائية والمشروبات
2	صناعة المنسوجات والملابس الجاهزة والجلود
3	صناعة الخشب و المنتجات الخشبية والأثاث
4	صناعة الورق والطباعة والنشر
5	الصناعات الكيماوية و المنتجات البلاستيكية
6	صناعة مواد البناء و الصيني و الخزف و الزجاج
7	الصناعات المعدنية الأساسية
8	صناعة الماكينات و المعدات و المنتجات التجميعية المصنعة.
9	صناعة متنوعة أخرى الرجاء ذكرها (.....)

ملكية المنشأة	سعودية 100%	مشتركة	أجنبية 100%	12
	1	2	3	

التشكل القانوني	منشأة فردية	شركة محدودة	شركة مساهمة	شركة تضامن	أخرى من فضلك حدد (.....)	13
	1	2	3	4	5	

أي نوع من المنتجات تقوم منشأتكم بإنتاجها ؟	سلع استهلاكية	سلع صناعية	سلع استهلاكية و صناعية	14
	1	2	3	

عدد المنتجات في المنشأة	منتج واحد	2-4 منتجات	5-9 منتجات	10- فأكثر	15
	1	2	3	4	

عدد العاملين و الموظفين بالمنشأة	أقل من 20	من 20 إلى 50	من 51 إلى 100	من 101 إلى 500	أكثر من 500 عامل وموظف	16
	1	2	3	4	5	

أقل من 5 مليون	5 - 20 مليون	21 - 50 مليون	51 - 100 مليون	أكثر من 100 مليون	مجمّل المال المستثمر في المنشأة (بالريال السعودي)	17
1	2	3	4	5		

ضعيفة جدا	ضعيفة	متوسطة	عالية	عالية جدا	درجة المنافسة لمنشآتكم في السوق السعودي	18
0	1	2	3	4		

هل يوجد قسم خاص للتسويق في منشآتكم ؟	نعم : الرجاء الانتقال إلى سؤال رقم 20	لا: الرجاء الانتقال إلى سؤال رقم 21	19
	1	2	

مشاركة عالية	مشاركة متوسطة	مشاركة ضعيفة	إذا كانت الإجابة على السؤال رقم 19 بنعم: من وجهة نظركم كيف تصف درجة مشاركة قسم التسويق في اتخاذ القرارات الاستراتيجية على مستوى المنشأة ؟	20
3	2	1		

المبيعات	الإدارة العليا	الإنتاج	المالية	أخرى من فضلك حدد (.....)	إذا كانت الإجابة على السؤال رقم 19 بـ لا: تحت أي قسم يوجد النشاط التسويقي بالمشأة ؟	21
1	2	3	4	5		

22- كيف يمكن أن تصف نجاح منشآتكم خلال ثلاث السنوات الماضية في الأمور التالية:

البيان	انخفاض ملحوظ	لم يتغير	زيادة ملحوظة
أ- المبيعات	1	2	3
ب- الأرباح	1	2	3
ج- حصتكم في السوق	1	2	3

## الجزء الثالث

يهدف هذا الجزء إلى معرفة الوظائف والأنشطة التسويقية التي يتم تطبيقها في المنشآت الصناعية السعودية. الرجاء وضع دائرة حول الرقم الذي يعكس وجهة نظرك حول عدد مرات تطبيق منشاتكم هذه الأنشطة في مجال التسويق .

درجة التطبيق					الوظائف والأنشطة التسويقية
لا يطبق مطاقا	يطبق نادرا	يطبق أحيانا	يطبق غالبا	يطبق معظم الوقت	
0	1	2	3	4	23) تحديد الأهداف التسويقية : Objectives setting إلى أي مدى تقوم المنشأة بتحديد أهداف تسويقية واضحة . كأهداف زيادة الربحية أو المبيعات أو حصة الشركة في السوق. من أجل استخدامها في قياس ومتابعة الأداء.
0	1	2	3	4	24) تخطيط النشاط التسويقي Marketing Planning إلى أي مدى تقوم المنشأة بوضع خطط رسمية ومكتوبة في مجال التسويق ، تبين بوضوح الأهداف التسويقية ووسائل تحقيقها.
0	1	2	3	4	25) التنسيق و التكامل بين الأنشطة التسويقية Co-ordination and Integration إلى أي مدى يقوم مدير التسويق بعقد اجتماعات للتنسيق والتكامل بين مختلف الوظائف التسويقية كالإعلان و البيع و التسعير والتخزين والتوزيع و الترويج والنقل ورقابة المخزون وغيرها.
0	1	2	3	4	26) التحفيز: Motivation إلى أي مدى يقوم مدير التسويق باستخدام الأساليب التي تحفز القائمين في المجال التسويقي على تنفيذ الأنشطة التسويقية
					27) التقييم والرقابة على النشاط التسويقي: Evaluation and Control مدى قيام الإدارة بتقييم النشاط التسويقي في المجالات التالية
0	1	2	3	4	أ) تحليل ربحية المنتجات التي تقدمها المنشأة في السوق
0	1	2	3	4	ب) تحليل ربحية الأسواق التي تتعامل معها المنشأة.
0	1	2	3	4	ج) تحليل ربحية منافذ التوزيع التي تتعامل معها المنشأة.
0	1	2	3	4	د) تحليل ربحية المناطق البيعية المختلفة.
0	1	2	3	4	هـ) دراسة وتحليل تكاليف التسويق
					28) بحوث التسويق: Marketing Research مدى قيام الشركة بإجراء دراسات وبحوث في المجالات التالية:
0	1	2	3	4	أ) دراسات عن العملاء والمستهلكين .
0	1	2	3	4	ب) دراسات عن المنافسين .
0	1	2	3	4	ج) دراسات عن منافذ التوزيع .
0	1	2	3	4	د) دراسات عن مستوى أرباح المنشأة .
0	1	2	3	4	هـ) دراسات عن مستوى حجم مبيعات المنشأة

## الجزء الرابع

يهدف هذا الجزء إلى معرفة مدى فائدة المفاهيم التسويقية الحديثة على النشأة الصناعية السعودية. الرجاء وضع دائرة حول الرقم الذي يعكس وجهة نظرك حول فائدة المفاهيم التالية في أداء الأنشطة التسويقية في وظيفتك الحالية.

درجة الفائدة					المفاهيم التسويقية
عالي جدا	عالي	متوسط	قليل	معدوم	
4	3	2	1	0	<b>(29) فلسفة التوجيه بالسوق : Market Oriented</b> ما مدى استفادة المنشأة عند قيامها بتوجيه كافة أنشطتها وقراراتها نحو إشباع رغبات واحتياجات العملاء والمستهلكين لمنتجات المنشأة.
4	3	2	1	0	<b>(30) تحديد وضعية المنتج في السوق : Product Position</b> ما مدى استفادة المنشأة عند قيامها بوضع الاستراتيجية الهادفة إلى المحافظة على صورة ذهنية متميزة لمنتجاتها لدى المستهلك من خلال إيصال الفوائد والمزايا لكل سلعة والتي تتسجم مع رغبات واحتياجات المستهلك .
4	3	2	1	0	<b>(31) تقسيم السوق إلى قطاعات : Market Segmentation</b> ما مدى استفادة المنشأة عند قيامها بتجزئة السوق الكبير إلى أسواق فرعية ذات صفات متجانسة للمستهلكين في الرغبات والاحتياجات ودوافع الشراء للسلعة كسوق النساء وسوق الأحذية وسوق المواد الغذائية، وذلك لتصميم نشاط تسويقي لكل قطاع أو سوق فرعي .
4	3	2	1	0	<b>(32) الاستغلال الأمثل لعناصر المزيج التسويقي Optimisation of the Marketing Mix</b> ما مدى استفادة المنشأة عند قيامها باتباع الأسلوب الإداري الذي يعتمد على تخصيص الموارد التسويقية المتاحة بالطريقة المثلى بين عناصر المزيج التسويقي المختلفة (المنتج، التسعير، التوزيع، الترويج)
4	3	2	1	0	<b>(33) تنوع المنتج (التمايز) : Product Differentiation</b> ما مدى استفادة المنشأة عند قيامها بإظهار منتجاتها متنوعة وبصورة متميزة ومختلفة عن مثيلاتها المنافسة مما يدفع المستهلك إلى الاقتناع بتفوق هذه المنتجات عن غيرها.
4	3	2	1	0	<b>(34) بناء الولاء للماركة والعلامة التجارية The Building of Brand Loyalty</b> ما مدى استفادة المنشأة عند قيامها بأنشطة تضمن بها قيام المستهلك بشراء منتجاتها باستمرار وتفضيله للماركة والعلامة التجارية التي تقدمها في السوق.
4	3	2	1	0	<b>(35) اختبار السوق : Test Marketing</b> : ما الفائدة المدركة للمنشأة عند تقديمها منتجا جديدا في السوق بعرض كمية محدودة من المنتج في بعض الأماكن و المناطق البيعية لتقييم ردود فعل المستهلك تجاهها قبل طرحها في الأسواق على نطاق واسع .

## الجزء الخامس

حدد الباحث بعضاً من العوامل التي قد تعيق تطبيق المعرفة التسويقية في القطاع الصناعي السعودي . فالرجاء وضع دائرة حول الرقم الذي يعكس وجهة نظرك لكافة هذه العوامل.

درجة العائق					العوامل المعوقة	
كبير جداً	كبير	متوسط	ضعيف	لا يوجد		
4	3	2	1	0	عدم الاستقرار الاقتصادي	36
4	3	2	1	0	الاستقرار السياسي	37
4	3	2	1	0	جمود الأنظمة والقوانين المتعلقة بالنشاط التجاري	38
4	3	2	1	0	العادات والتقاليد	39
4	3	2	1	0	القيم الدينية السائدة	40
4	3	2	1	0	نقص مستوى نظام التعليم في مجال التسويق في الجامعات السعودية	41
4	3	2	1	0	نقص الكفاءة المؤهلة في مجال التسويق	42
4	3	2	1	0	قوة المنافسة في السوق	43
4	3	2	1	0	جمود السياسات الحالية في الشركة	44
4	3	2	1	0	المقاومة من الإدارة العليا للأفكار الجديدة في مجال التسويق	45
4	3	2	1	0	نقص التشجيع من الإدارة العليا بالمنشأة للمبادرة الفردية على الابتكار	46
4	3	2	1	0	عدم وجود فرص أو مناخ لإدارة التسويق للمشاركة في اتخاذ القرارات الرئيسية للشركة.	47
4	3	2	1	0	التركيز على المهارات التقنية الإنتاجية وعدم التركيز على المهارات التسويقية	48
4	3	2	1	0	التركيز على تعظيم الربح في الأجل القصير	49
4	3	2	1	0	محدودية البرامج التدريبية في مجال التسويق	50
4	3	2	1	0	نقص التكنولوجيا الحديثة في المنشأة.	51
4	3	2	1	0	نقص البيانات والمعلومات التسويقية على المستوى المحلي	52
					عوامل أخرى :	53
4	3	2	1	0	.....(أ)	
4	3	2	1	0	.....(ب)	
4	3	2	1	0	.....(ج)	



## Appendix K

### ABSTRACT (In Arabic) خلاصة البحث باللغة العربية

بسم الله الرحمن الرحيم

قابلية نقل وتطبيق المعرفة التسويقية الحديثة في الدول النامية دراسة ميدانية في

القطاع الصناعي السعودي

الحمد لله والصلاة والسلام على رسول الله :

خلال العقدين الماضيين، تركز اهتمام كثير من الباحثين في مجال التسويق على الدور الذي يلعبه التسويق في الدول النامية. ورغم اتفاق معظم الباحثين على هذه الأهمية، إلا أن الجدل لا يزال قائماً بين الباحثين حول ما إذا كانت المعرفة التسويقية (Marketing Know-how) المشتملة على مجموعة من المفاهيم و الأنشطة التسويقية الحديثة والتي نمت وتطورت في الدول المتقدمة، قابلة للنقل والتطبيق في الدول النامية أم لا. إضافة إلى ذلك فإن المعرفة التسويقية الحديثة غير معروفة المعالم في بعض الدول النامية والتي من بينها المملكة العربية السعودية. وفي ظل محدودية الدراسات الميدانية في هذا المجال، فإن الدراسة الحالية تعتبر محاولة ومساهمة في الجهود البحثية المتعلقة بإمكانية تطبيق المعارف والأساليب التسويقية المتقدمة في الدول النامية متمثلاً في القطاع الصناعي السعودي.

ولتحقيق هذا الهدف فإن الدراسة الحالية تسعى للوصول إلى معرفة الأمور التالية: إلى أي مدى قيام الشركات في القطاع الصناعي السعودي بأداء وتطبيق الأنشطة التسويقية وبأي درجة من الانتظام. ما مدى إدراك مدير التسويق في القطاع الصناعي السعودي بأهمية وفائدة المفاهيم التسويقية في منشأهم. قياس العلاقة بين تطبيق المعرفة التسويقية و مدى نجاح الشركات التي تطبق هذه المعرفة التسويقية عند معايير ثلاثة: المبيعات والأرباح والحصة السوقية. التعرف على العلاقة بين إمكانية تطبيق المعارف والأساليب التسويقية المتقدمة و خصائص مدير التسويق في القطاع الصناعي السعودي كالعمر والجنسية والدرجة العلمية ومجال الخبرة وغيرها. التعرف على العلاقة بين إمكانية تطبيق المعرفة التسويقية وخصائص الشركات في القطاع الصناعي السعودي كنوع



الصناعة وكبر المنشأة وجنسيتهما وشكلها القانوني وعدد منتجات الشركة وغيرها. التعرف على تأثير العوامل البيئية السعودية، والتي شملت سبع عشر عاملاً، على تطبيق المعرفة التسويقية في القطاع الصناعي السعودي. أي هل العوامل البيئية السعودية تعوق القطاع الصناعي السعودي في تطبيق المعرفة التسويقية أم لا.

اعتمد الباحث في دراسته الميدانية لجمع البيانات عن طريق العينات والمقابلات الشخصية. فقد تم توزيع 600 استبانة أرسلت بالبريد إلى مديري التسويق (أو من يقوم بالنشاط التسويقي) في القطاع الصناعي السعودي. مجمل الشركات التي شاركت في هذه الدراسة 233 شركة، أي بنسبة 38.83% من مجتمع البحث. كما قام الباحث بدعم الاستقصاء البريدي بإجراء مقابلات شخصية لبعض مديري التسويق الذين شاركوا في الاستقصاء.

لقد أظهرت هذه الدراسة مجموعة من النتائج المهمة للسوق السعودي و للقطاع الصناعي السعودي على وجه الخصوص والتي شملت الأتي: أن معظم الشركات في القطاع الصناعي السعودي يطبقون معظم الأنشطة التسويقية وبشكل منتظم . أن معظم مدراء التسويق في القطاع الصناعي السعودي يدركون دور وفائدة المفاهيم التسويقية لشركاتهم. كما أظهرت الدراسة بالتحليلات الإحصائية والمقابلات الشخصية علاقة إيجابية بين إمكانية تطبيق المعرفة التسويقية و نجاح الشركات في السوق السعودي. أي إنه كلما قامت الشركة بنقل وتطبيق الأنشطة التسويقية كلما ساعد على نجاحها من معايير ثلاثة زيادة كل من المبيعات والأرباح والحصة السوقية.

أظهرت التحليلات الإحصائية أن معظم خصائص المدير تؤثر على تطبيق المعرفة التسويقية منها الدرجة العلمية للمدير والتخصص في مجال الإدارة والخبرة السابقة في مجال التسويق وكذلك كثرة المشاركة في الدورات التدريبية. في حين لم تؤثر كل من عمر المدير وجنسيته والبلد الذي تخرج منه و عدد سنوات عملة على تطبيق المعرفة التسويقية. كما أظهرت التحليلات الإحصائية أيضا أن معظم خصائص الشركات الصناعية تؤثر على تطبيق المعرفة التسويقية منها الشكل القانوني للمنشأة حجم المنشأة بمعياري عدد العمال أو قيمة راس المال و وجود قسم خاص للتسويق بالمنشأة ومدى مشاركته في اتخاذ

القرارات الإستراتيجية للمنشأة وكذلك درجة منافسة الشركة في السوق السعودي. في حين لم تؤثر كل من ملكية الشركة و طبيعتها ونوع وعدد منتجاتها على تطبيق المعرفة التسويقية.

كذلك أثبتت الدراسة أن معظم العوامل البيئية السعودية لا تعيق الشركات الصناعية في تطبيق المعرفة التسويقية الحديثة. أوضحت الدراسة أن أربع عوامل فقط هي التي تعيق في تطبيق المعرفة التسويقية الحديثة في القطاع الصناعي السعودي وهم جمود الأنظمة المتعلقة بالنشاط التجاري، ضعف مستوى التعليم في مجال التسويق في الجامعات السعودية، ضعف الكفاءة المؤهلة في مجال التسويق في القطاع الصناعي السعودي و أخيرا نقص البيانات والمعلومات عن البيئة التسويقية على المستوى المحلي. بالمقابل أوضحت الدراسة أن باقي العوامل لا تعيق في تطبيق المعرفة التسويقية الحديثة في القطاع الصناعي السعودي. من هذه العوامل: الوضع الاقتصادي والاستقرار السياسي والقيم الدينية والعادات والتقاليد في المملكة. سياسة وأنظمة الشركة ودور الإدارة العليا وتشجيعها للأفكار والابتكار التسويقية. فرصة ومشاركة إدارة التسويق في اتخاذ القرارات الإستراتيجية للمنشأة. محدودة البرامج التدريبية في مجال التسويق ونقص التكنولوجيا الحديثة في المنشأة.

كما قدمت هذه الدراسة مجموعة من التوصيات والاقتراحات لكل من مديري التسويق في القطاع الصناعي السعودي والمسؤول الحكومي عن القطاع الصناعي السعودي والباحثين في مجال التسويق وكذلك الشركات الصناعية المحلية والأجنبية.

والله أعلم