

The Influence of Political-Legal Forces on Jordanian Industrial Exports in the Private Sector

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Abstract

This study aims to measure the Influence of Political-Legal forces, which both are elements in the marketing external environment, on Jordanian exporting performance. The researchers employed the experimental approach in conducting the study and the applications of this approach including statistical analysis of data collected for the field study. The population of the sample comprises marketing managers in Jordanian exporting companies. Questionnaires were distributed over a convenience sample that amounted to (50) respondents. The researchers found that political and legal factors hold an effect on the Jordanian exporting performance. The effect of political and legal factors on the Jordanian exporting performance does not vary according to the marketing manager's educational level and marketing manager's working experience. The study suggests that the concluded pyramid to be treated as a point of reference to Jordanian decision makers when attempting to encounter or avoid the threats posed by political and legal factors on the exporting performance.

Keywords: political and legal factors, political risk, Jordanian exports

1. Introduction

Firms that operate internationally must take into count the political-legal aspects as their strategies must undergo changes accordingly. Companies must also equip resources towards anticipating forthcoming political changes and in turn assess the political risk that may influence foreign activities (De Mortanges & Allers, 1996; Fredrikson & Svensson, 2002; Keim & Hillman, 2008; Ye et al., 2011).

Today, companies encounter a number of changes and determinants that directly influence performance and in turn survival. Thus, businesses are expected to adapt strategies in a manner that enable them to adapt and grow. In this regard, Philip Kotler and Kevi Keller (2012) shed lights on the importance of taking into count the aspects and changes in the business environment on one hand and examining the modes of responding to such changes on the other; these considerations, adds Kotler, hold a huge impact on continuity and progress (Kotler & Keller, 2012).

In this regard, this study grants a detailed focus on the impact of political-legal factors on Jordanian exports in an attempt to land at a theoretical structure that functions as a reference to Jordanian managers in exporting firms. The study begins with presenting a literature review on the political and legal forces, and the main acknowledgements on the impact such factors hold on businesses as a whole. The study then extracts a questionnaire from the written literature in order to arrive at a customized construction in a manner that responds to the subjectivity of the Jordanian case. The study subsequently concludes a pyramid that embodies the major elements that constitute the political and legal environment as they are listed from the most to the least influential in regards to the Jordanian exports.

1.1 Significance of the Study

The Jordanian economy represents an ideal showcase for a modest nonetheless open economy due to its strong ties with regional and international spectrum. The economy in Jordan is known for two main features: the scarcity of natural resources and the undersized economy. However, in addition to the major dependence on the mining industry in production and exporting such as phosphate, potassium and fertilizers, the country is also famous for a high activation to the service sector—including retail, financial, transportation, education, health, and tourism services—as this sector enjoys an evident contribution to the Gross Domestic Product (GDP). From

an economic perspective, the reason behind the undersized economy in the country is that Jordan is a mere receiver to price in relation external economic ties and in turn to imports and exports. In light of the aforementioned features, the formulation of regional and internal commerce relations is inevitable in order to sustain and develop the Jordanian economy. Rationally such inevitability places the Jordanian exporting performance in the lead of the economic reform and development. This is further confirmed by the fact that the economic structure in country is a fair representation to the diverse alterations and fluctuations witnessed by the regional and global markets. Moreover the Jordanian economy encountered and survived an enormous number of military and political traumas due to its geopolitical site and is currently in recession (Anon, 2013). It is known that the six factors constitute the business external environment are: competition, economic, political, legal, social-cultural, technological, and environmental (Pride & Ferrel, 2012). In this context, institutions strive to engender acceptance to its marketing programs in light of the dynamic changes posed by the external environment. Although these forces have similar impacts on the institution, the study seeks to dedicate a focused scrutiny to the influence played by political and legal factors on the Jordanian exporting performance in the private sector.

In reference to studies conducted by Isnad Centre for Consultations in (2012 and 2013), it is concluded that the Gross Domestic Product in Jordan mounted to 2.7% in 2012, and 2.6% in 2011 in comparison to 2.3% in 2010. The margin of growth does not exceed the growth of the Jordanian population which mounted to around 2.2%. This indicates that per capita income is not positively influenced by such minor increases. Despite the generic recession in economy, nevertheless the total sum of Jordanian exports is in obvious development. Exports amounted to 4.1% (420.8) million JDs in January 2013 in comparison to the same month in 2012 which reduces the deficit in the balance of trade. This growth however remains in jeopardy due to the current political tension in the region that directly influences Jordan (Anon, 2012; *ibid*, 2013).

In light of the current global economic recession on one hand and the escalating political events in the region on the other, and the aftermaths of such on the Jordanian economy as a whole including exports, the authors observe the vitality of narrowing the research to the political forces that generally affect exports in Jordan, and subsequently a focused evaluation on the legal forces considering that the two variables are highly interlinked. In light of the aforementioned, the vitality and fragility of the Jordanian exporting performance are established. However, research on the factors influencing the exporting performance in Jordan is next to inexistence. Thus, the study seeks to land at a theoretical framework that ranks the political and legal factors according to influence, while taking into count the subjectivity of time and place as far as Jordan is concerned. The concluded pyramid should operate as a point of reference to Jordanian decision makers when attempting to encounter or avoid the threats posed by political and legal factors on the exporting performance. In a broader context however, the concluded factors in the pyramid can function as points of consideration to any regional or international institution when attempting to examine the exporting performance and its determinants.

1.2 Literature Review

Political actors and businesses are sharply interlinked and mutually influenced by each other. Rationally, the firm's strategic decision is contingent on the market consistency, inasmuch the political force is a vital element. By enhancing political awareness, the firm will be more equipped to encounter risks related to the market investment thereby increasing the firm's commitment, i.e. the size of investment (Hadjikhani & Ghauri, 2001; Khattab et al., 2012).

It is argued that political- legal environment are a combination of interrelated elements that influence internal commerce as a whole, counting exports. For instance, the general state of politics in the domestic and foreign countries holds a major impact on the exporting performance. Likewise are similar issues political stability, political ideology, laws, governmental regulations including interference in economy or a specific industry. Rationally, political volatile, public attitudes against the exporting country or against the product, and the politicization of trade unions exert a fair measure of pressure on the exporting performance thus must be taken into count by decision makers (Keim & Hillman, 2008; Jain et al., 2011; Khattab et al., 2012).

"The political climate in a country or region, political officials in a country, and political officials in charge of trade agreements directly affect the legislation (or lack thereof). Within industries, elected appointed or officials of influential industry associations also set the tone for the regulatory environment that guides operations in a particular industry." (Pride & Ferrel, p. 250)

When one discusses political-legal environment the term political involvement is automatically entwined. Political involvement refers to the governmental intercession in the development and implementation of public policy. This includes (Pride & Ferrel, 2010; Jean et al., 2011):

- Lobbying as it is observed to be a symptom of democracy in which interest groups join forces to defend a cause in attempt to influence political officials. Companies through lobbies operate to persuade the public to adopt the product or pressure the government to adopt a certain position in decision making.
- Political action committees (PACs) that implore donations from individuals then contribute the accumulated funds to support candidates. (PACs) operate on soliciting money from stakeholders then grant the funds to the selected running candidates. Businesses tend to formulate favorable relationships with political officials because positively inclined officials are unlikely to enforce laws that are inauspicious to the firm's status. Not to mention, governments are deemed major purchasers on one hand, and facilitators of the foreign markets on the other.
- Political strategy, which seeks to ensure a suitable position concerning a specific regulation of legislation, i.e. defensive, accommodative, or positive activism.

The political forces of the marketing environment may obligate decision makers to amend or alter marketing strategies. For instance, marketing managers seek to build constructive relationships with stakeholders with elected politicians. Positively inclined officials would unlikely endorse laws that are inauspicious to such businesses. Moreover, governments are deemed profitable buyers, and when positive ties exist, elected officials can influence the governmental purchase orientation. Additionally, politicians can play a vital role in assisting companies to secure foreign markets. In this regard many organizations help electing officials that are observed positively and promising to their activities through campaign contributions. Although laws prohibit corporate financial intervention in the election process for particular candidates, but the firm is allowed to contribute to political parties. The term soft money is introduced in this case, which refers to money donated to political parties without specifications to the manners of expenditure (Pride & Ferrel, 2010; *ibid*, 2012). Consequently, Karine van der Beek (2012, p.379) declares that :

"When political power is divided among a broader group with significant investment opportunities, even without changes to institutions that enforce property rights, the level of competition increases and can raise the rate of investment in the economy."

Firms usually prefer to conduct businesses with countries known for political stability, which is directly linked to countries with a known history of political stability and consistency. Therefore, managers constantly monitor political changes and governmental regulations to land at suitable decisions. While all countries holds the potential or even endures a limit of political risk, nevertheless the range of such differs between countries. In this context, political risk is observed as the fear of loss after investing in a certain country owing to alterations in its political status. The literature discusses three main types of risks. The first is ownership risk which concerns possessions and life, operating risk which refers to policies that influence the company's processes, and transfer risk which occurs when there are attempts to transfer certain funds from one country to another (Cateora, et al, 2008; Czinkota, Ronkainen, 2010; Roe & Siegel, 2011).

The general term political risk refers to *"the probability that political events in a country will negatively affect a firm's financial performance."* (Kobrin, 1979, p. 640). Studies confirmed the importance of political stability on the institutional status in the hosting country, which rationally holds immediate impact on the exporting performance to the country on one hand, and on its continuity on the other. Studies confirm a linear relationship between the political stability in the country and the attraction of foreign investments. Instable political environments tend to create feelings of distrust and suspicion by foreign companies in different aspects of the country including authority officials, governmental regulations, legislations institutions, and the future as a whole (Cateora et al., 2008; Allard et al., 2012).

Governmental actions and policies of both the parent and the hosting country, in addition to the entire international relationship between both, form factors that may generate political risk. The writers argue that there are two main types of political risk. The first is micro-risk that concerns the impact on only certain fields of the industry owing to political changes. The latter is macro-risk which addresses the political changes that hold direct impacts on all businesses entirely. Such categorization grants an apparent theoretical framework that serves in a thorough comprehension of the different aspects concerning political risk. The literature on macro political risk assessment pinpoints three main areas to be considered when attempting to conclude a comprehensive overview: governmental policies, political and social systems, and macro-economic practices (Tsaia & Su, 2005). Charles it is observed that that micro risk takes place when only selected industries, institutions, or projects are influenced by the change. Macro risk however refers to an aggregate political impact on businesses in with the same intensity. Civil wars, revolutions, strikes, and demonstrations are examples of macro risks, whereas selective expropriations, discriminatory taxes, and import restrictions are aimed at particular institutions (De & Allers, 1996; Fredrikson & Svensson, 2002).

Some argue that political risk is reflected in governmental regulations and their aftermaths on international commerce including the exporting performance. In other words, the main concern in this context is for the host government to set new standards negatively influencing in consequence the exporting operations. Concerning the exporting performance, the main governmental risk is embodied in import and/or export constraints either to encourage local production or to reduce expenses on imports. On the other hand, societal forces generate political risk that jeopardizes the future on investments and also exports. Examples on this observation include terrorism, assassinations, revolutions, coups d'état, war, insurrection, kidnapping, civil violence that is displayed in all forms of civic oppositions to governmental regulations (Khattab et al., 2007).

Subsequently, the concept of price control is a main driver for concerns for companies with exporting operations. Domestic political pressure can urge governments to set a price ceiling for imported products. Such policy results frequently in financial losses, forcing the company in this case to either continue operating with accumulating losses or withdraw entirely from the country (Czinkota & Ronkainen, 2010). The writers illustrate the Arab nations as a showcase by stating:

"Arab nations for example, have developed a black list of companies that deal with Israel. Even though the enforcement of blacklisting has decreased, some Arab customers still demand from their suppliers assurances that the source of the products purchased is not Israel and that the company does not do any business with Israel. The goal of these actions clearly is to impose a boycott on businesses with Israel." (Czinkota & Ronkainen, 2010, p.133)

Furthermore, there is a positive outlook towards laws and regulations when they are systematically produced and practiced in proper contexts. The advantage is that the hosting country is perceived favourably by investors due to an image of solidity and innovation. There is a mutual encouragement by local and foreign businesses to conduct collaborations and partnerships (Gayle Allarda et al., 2012; Khattab et al., 2012). For instance, boycotts are observed to be a vital element that impedes international trade, as institutions refuse to conduct business with international organizations due to certain political reasons. The alternation in governmental regulations due to political tension is major concern for companies exporting to foreign countries. The worry in this context springs from demands by the streets pressuring in turn their governmental policies and tendencies. An obvious showcase is the diffusion anti-Western sentiments in the Arab region. Moreover, patriotic feelings may formulate a hinder or even slay the exporting performance (Czinkota & Ronkainen, 2010).

Jeannine E. Relly and David Cuillier (2010) assign heavy weight to The Access to Information legislation (ATI). They argue that this law is constantly debated due to its importance in economic growth, collaborations, and global accountability. ATI is considered a developed version of what was historically known as access to public information, which was directly related to issues concerning international laws, human rights, and democracy. For instance, Jordan has passed in number transparency legislations. The telecommunication revolution that is in continuous growth holds a huge impact on Arab citizens- the heavy reliance on both cable satellites and the internet in particular- contributing in principle to political reform and in turn economic escalation. It is argued that many countries in the Arab world adopt ATI to further economic openness.

Rationally transparent governments endorse contemporary political conducts including media rights, human rights, political rights, and the rule of law. Consequently, the adoption of ATI is one vehicle to activate such modern practices, contributing in this regard to the advancement of the country's image in the international arena, and in sequence fosters international commerce. For instance, an exact correlation is established between the adoption of ATI and the protection of news media rights, because free press contributes permissively to domestic growth. Moreover there is a linear relationship between the access of information and the canons of human rights. This is due to the fact that information is needed to determine human rights violation. A major distinction between democratic and autocratic countries can be pinpointed through assessing the level of information access by its public. The fact that democratic countries were pioneers in adopting ATI is a confirmation to the aforementioned. Finally, rationally the rule of law is deemed a pillar of democracy. Some proposals suggest the importance of establishing an independent judiciary to monitor and panellize governments that prohibit the free access to information as ATI entails. Rationally, these factors combined foster a healthy environment that activates exports (Relly & Cuillier, 2010).

The literature sheds light on the influence of a nation's political system, laws, regulation, and even special interest groups on exports-aspects that must be considered by institutions operating internationally. The governmental regulations toward foreign institutions directly impact exports in practice. In some countries for instance, the concept of import tariff applies on exports, which determines a certain duty on goods purchased from a foreign country in order to protect domestic commerce or to boost revenues for the country. It is observed

that tariffs form an impediment to international trade owing to the increase in the price of the product. The literature also discusses nontariff trade constraints, which comprise of quota and embargoes. Quota refers to a certain limit on the amount of the imported goods from a particular product category that cannot be exceeded within a specified time period. Embargo is another nontariff restriction, which refers to the suspension of trading a specific product in a product category, or with a certain country for acknowledged political reasons. Nevertheless, although these restrictions are argued to obstruct international trade, many countries attempt to join the free trade zones to benefit from the exemption of tariffs and other trade barriers (Cateora, et al, 2008; Pride & Ferrel, 2010).

1.3 Hypotheses

The following are the hypotheses formulated in negative form (H_0):

First hypothesis: Political and legal factors hold no effect on the Jordanian exporting performance.

Second hypothesis: The effect of political and legal factors on the Jordanian exporting performance does not vary according to the marketing manager's educational level.

Third hypothesis: The effect of political and legal factors on the Jordanian exporting performance does not vary according to the marketing manager's work experience.

2. Method

2.1 Methodology

The researchers employed the experimental approach in conducting the study and the consequences of this approach of statistical analysis of data collected for the field study.

a- Population and Sample

The population of the study comprises marketing managers in Jordanian exporting companies. Questionnaires were distributed over a convenience sample that amounted to (50) respondents.

b- Data collection Methods

Primary Data Collection: a questionnaire was designed and distributed to respondents for collecting the required data to satisfy the research objectives.

Secondary Data Collection: Books and scientific resources relevant to the study were used.

2.2 Questionnaire Design

The questionnaire was constructed in reference to the literature review and previous related studies. It consists of two parts. The first part attempts to collect general information about respondents, whereas the second part consists of all questions related to the objectives and hypothesis of the research.

Validity and Reliability

Validity

The questionnaire was evaluated by a number of academics from Jordanian universities. Their remarks and comments were taken into consideration.

Reliability

Cronbach Alpha was used to test the reliability of the scale and α was (0.881) for questionnaire. The figure is deemed satisfactory as far as reliability is concerned since it is greater than the accepted percent (0.60) (Malhotra, 2004).

3. Results

3.1 Data Analysis

Descriptive statistics were employed to describe and analyze the coded data. Simple linear regression was used to test first, and two Way ANOVA was used to test the second and the third hypothesis.

3.1.1 Characteristics of the Sample

Table (1) shows the sample distribution employing demographic variables. Figures show that the majority (86%) of the sample is males and only (14%) are females. Moreover the highest percentage is (36%) of ages between 36–40 years. As far as the education levels, the table shows that (48) respondent of the sample (96%) hold Bachelor degree. Finally, the highest observation is (34%) of managers who hold a minimum of 16 years of work experience.

Table 1. Sample distribution

Variable	Frequency	%
Gender:		
Male	43	86.0
Female	7	14.0
Age		
25 years or less	4	8.0
26-30 years	7	14.0
31-35 years	9	18.0
36-40 years	18	36.0
More than 40 years	12	24.0
Education level:		
General Secondary Certificate or less	-	-
Diploma	2	4.0
First University degree (Bachelor (B.A))	48	96.0
High studies	-	-
Experience		
5 years or less	6	12.0
6-10 years	15	30.0
11-15 years	12	24.0
16 years or more	17	34.0

3.1.2 Statistical Results

-Attitudes toward political and legal factors:

Table 2. Attitudes toward political and legal factors

Questions (Q)	Mean	STD. Deviation
1. The current political conditions have a negative impact on exports.	3.4400	1.29615
2. The local regulations of the importing country influence the type of products the company chooses to export.	3.0400	1.17734
3. The vast number of instructions and conditions that are imposed on importing companies contribute to a recession in exports.	3.2400	1.42227
4. The company counts on favourable ties with politicians and decision makers to reinforce the status of its exports.	2.6800	1.20272
5. Political stability in the importing country is a major consideration for exporting country.	4.2400	1.00122
6. Exporting companies are induced to launch a market in countries that are undergoing political revolutions.	4.1600	1.33034
7. Governmental aid for Jordanian exports contributes to its enhancements.	3.8800	.82413
8. Laws on protection national products in importing countries result in reducing the competitive ability for the exporting company.	3.2600	1.00631
9. Ideologies endorsed in the importing country affect the exporting performance.	3.3200	.84370
10. The political attitudes toward the exporting country endorsed by the public in the importing country have a major impact on the success of the exporting performance.	3.5800	.75835
11. Political pressure groups influence exports negatively or positively.	3.3800	1.25990
12. As a decision maker you prefer to export to countries that are known for its political stability.	4.2200	.99571
13. Today, the major political threat for exports is the one posed on property or life.	3.5000	1.28174
14. The major threat today is embodied in the rising of political events that pose a direct risk on the processes of the exporting system.	3.4000	1.08797

15. There is a major risk facing exporting companies embodied in transferring funds outside the importing country.	3.2400	1.00122
16. Factors such as taxes and importing constraints negatively influence the exporting performance.	4.0600	.97750
17. Jordanian exports suffer from governmental regulations posed by the importing country regarding constraints and restrictions on exports.	4.0200	.97917
18. Jordanian exports suffer from governmental regulations posed by the importing country regarding protecting local production on the expense of exports.	2.8600	.98995
19. Jordanian exports suffer from governmental regulations posed by the importing country in terms of imposing a quota on exports.	2.7200	1.03095
20. Jordanian exports suffer from certain social phenomena including terrorism, assassinations, coup de state, and civil violence.	2.6800	1.26878
21. Jordanian companies are highly motivated to export to countries known for solid commitment to laws and regulations, for such offer a sense of stability.	3.5200	1.43200
22. Jordanian exports suffer from communal boycotts in importing countries for political reasons.	2.4800	1.03490
23. Organizations are motivated to exports to countries that activate "Access to Information Law" which guarantees sheerness in information.	3.4600	.97332
Grand Mean	3.4078	.58338

It was found that there is a high level of acceptance to questions (12,5,6,16,17,7) mentioned in table (2) because their means are 3.67–5. However, there is a moderate level of acceptance to the rest of questions because their means are 2.33–3.66.

3.1.3 Hypothesis Testing

First hypothesis: Political and legal factors hold no effect on the Jordanian exporting performance.

Simple regression was used to test this hypothesis. The results of the regression of the independent variable against the exporting performance variable can be seen in (table 4).

Table 4 shows that the independent variable (political and legal factors) that is entered into the regression model, and R (0.468) is the correlation of political and legal factors variable with the exporting performance.

In the model summary table, the R Square (0.219), which explains the variance is actually the square of the multiple R (0.4682)². The results mean (21.9%) of the variance (R-Square) in the exporting performance has been significantly explained by the political and legal factors.

Table 4. Regression model summary for hypothesis (1)

Variables Entered	R	R Square	Adjusted R Square	Std. Error of the Estimate
political and legal factors	.468	.219	.203	.78940

Table 5 the regression coefficients table shows that the t value of (-3.673) is significant at (0.01) level. The t statistic produced (-3.673) is significance at the 0.01 level since its greater than tabulated t (2.0096), [Referring back to the rule: Accept H₀ if the calculated value is less than tabulated value, and reject H₀ if the calculated value is greater than tabulated value]. Thus, hypothesis is substantiated. So there is a statistical effect of political and legal factors on the Jordanian exporting performance.

Table 5. Regression coefficients result for hypothesis (1)

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	4.860	.668		7.274	.000
political and legal factors	-.710	.193	-.468	-3.673	.001

Second hypothesis: The effect of political and legal factors on the Jordanian exporting performance does not vary according to the marketing manager's educational level.

Table 6. Test of hypothesis (2)

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	27.653 ^a	27	1.024	2.112	.039
Intercept	57.132	1	57.132	117.835	.000
edlevel	.250	1	.250	.516	.480
h	27.000	25	1.080	2.228	.031
edlevel * h	.250	1	.250	.516	.480
Error	10.667	22	.485		
Total	336.000	50			
Corrected Total	38.320	49			

a. R Squared = .722 (Adjusted R Squared = .380)

2 Way ANOVA was used to test the above hypothesis and it was found that calculated value of (F) is not significant at (0.05), which means that the effect of political and legal factors on the Jordanian exporting performance does not vary according to the marketing manager's educational level. .

Third hypothesis: The effect of political and legal factors on the Jordanian exporting performance does not vary according to the marketing manager's working experience.

Table 7. Test of hypothesis (3)

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	34.653 ^a	39	.889	2.423	.068
Intercept	237.961	1	237.961	648.983	.000
h	23.620	25	.945	2.577	.060
exper	.375	3	.125	.341	.796
h * exper	7.144	11	.649	1.771	.188
Error	3.667	10	.367		
Total	336.000	50			
Corrected Total	38.320	49			

a. R Squared = .904 (Adjusted R Squared = .531)

2 Way ANOVA was used to test the above hypothesis and it was found that calculated value of (F) is not significant at (0.05), which means that the effect of political and legal factors on the Jordanian exporting performance does not vary according to the marketing manager's working experience.

Upon the above analysis the following results are concluded:

- 1) It was found that there is a high level of acceptance to questions (12,5,6,16,17,7). These constitute the following factors respectively: political stability, macro political risk, constraints, restrictions, and governmental aid.
- 2) However, there is moderate level of acceptance to the rest of the questions.
- 3) Political and legal factors hold an impact on the Jordanian exports.
- 4) The effect of political and legal factors on the Jordanian exporting performance does not vary according to the marketing manager's educational level.

- 5) The effect of political and legal factors on the Jordanian exporting performance does not vary according to the marketing manager's working experience.

4. Discussion

After presenting a review on political-legal forces and their direct impact on exporting performance and consequently on business decisions on the firm the study concludes a number of factors that are of relevance and of weight on exports. The study landed at the following factors that are to be considered by any exporting firm: political stability, macro political risk, constraints, restrictions, governmental aid. Consequently, in reference to the Jordanian observation to the vitality of each factor, the study concludes a distinctive theoretical model that ranks the political-legal forces from the most to the least important within the Jordanian context. As mentioned earlier, the pyramid above ranks the first five factors as the most significant to the Jordanian exporting performance and thus must be taken into consideration by Jordanian exporting firms. This does not mean that the factors in the moderate section are to be utterly dismissed by decision makers in Jordanian exporting firms, however in terms of probability the first five factors are of major influence on the Jordanian exporting performance and thus must be examined primarily and thoroughly before conducting an exporting transaction. As mentioned earlier, literature on the Jordanian exporting performance falls short on interpreting the reasons behind the vitality of these highly ranked factors, let alone pinpointing these factors and their significance within the context of the Jordanian exporting case.

The results reveal that political stability occupies the peak of the pyramid, which indicates that this factor is deemed the most significant as far as the Jordanian decision maker is concerned. This result conforms to the common observation that Jordanians assign heavy weight to the importance of political stability in various aspects including commerce. In line with many writers, considering the ongoing heated political events that take place in neighbouring country and the political tension as an end results, Jordanians have always praised the issue of relative political stability Jordan enjoys in comparison to other countries in the region; neighbour countries in particular. This edge as far as the Jordanian individual is concerned is observed as a pillar to the success of diverse applications; be it social, academic, economic, etc. consequently, owing to this cultural observation, exporting to countries with low political stability will form an automatic impediment to the wellbeing of the exporting performance. On the other hand, current occurrences confirm the importance of political stability in the importing countries thereby verifying the sensibility of this factor being in the lead. It is argued that recent political volatility in Iraq and Syria is directly influencing the Jordanian exports. For example the exporting of fruits and vegetables, Dead Sea products, and wood crafting, among other industries witnessed sharp fluctuations due to current instability (Malkawi & Kaddoura, 2007; Freer & Hamid, 2011; Anon, 2013).

Subsequently, the justification behind the magnitude of political stability falls in alignment with that of macro-political forces as the second factor in the pyramid. As mentioned in the literature review, civil wars, revolutions, strikes, and demonstrations are examples of macro risks. It is argued that the "Arab spring" resulted in a global economic setback; nevertheless the countries wherein the "Arab spring" takes place suffer the most thereby affecting neighbour countries. For instance, studies show that oil productions dropped severely in Libya (1.65 m barrels per day in 2010 to only 0.47 m barrels per day on average in 2011) due to civil wars and international sanctions. Whereas in Syria the same production dropped by 60% due to the ongoing civil war. Moreover, strikes and demonstrations in Tunisia diminished sharply the mining industry. Additionally the tourism sector is still witnessing a major hindrance in the entire region. Egypt, Tunisia, Morocco, Jordan and Lebanon fell by a quarter, from 20 million in H1 2010 to 15 million in H1 2011. The decline was most severe in Egypt and Tunisia, at about 40% each. Finally, the current "Arab spring" negatively influences the growth in many Arab countries including Jordan and Morocco. Between 2010 and 2012 deficits nearly doubled in Egypt, Morocco, Lebanon and Jordan (Masetti & Korner, 2013; Anon; 2013). Rationally elements of macro-political forces obstruct the performance of various aspects of economy, which explains the high ranking of this factor in the Jordanian case. In the Jordanian context in particular, the social strikes that took place in the country negatively influenced the foreign investment since 2011. The drop in foreign investments mounted to \$10 billion rating the lowest in six subsequent years. The situation fails to improve ever since owing to the political volatility in the Arab region which holds a major impact on the Arab countries—especially those neighbouring Syria such as Jordan and Lebanon (Anon, 2012). Thus, it is established that issues as strikes, civil wars, and demonstrations, which are elements of political macro-risk, contribute to the reduction of income earned by foreign investments. Consequently, it is sensible that factors of macro-risk automatically influence exports. On one hand exporting firms would rationally avoid importing to countries suffering from elements of macro-risk to evade prospect losses. On the other hand, importing countries would rather import from firms that originate from stable countries that do not undergo an element of macro-risk to ensure stability of flow.

The third and fourth ranking in reference to the Jordanian respondents are constraints and restrictions respectively; as both appear interrelated to a great extent. It is an acknowledgement that constraints and restrictions decide the destiny of any exported product. For instance, Saudi Arabia banned Jordanian exports of vegetables since 1992 due to the rumours of water pollution in Jordan used to wet plants. It is worth noting that Saudi Arabia used to import around 240,000 ton of vegetables annually before the restriction resolution. Rationally, this negatively influenced the Jordanian exports to an extent that farmers complained and announced sharp losses. Lights were shed on inclination towards lifting the ban in 2010 as Saudi Arabia positively appraised Jordanian agriculture. This evaluation was further confirmed due to reports conducted by Saudi Arabian technical committees visiting Jordan and monitoring the process of agriculture in the country. Reports confirmed the Jordanian agriculture abides by high quality standards, and in turn debated the legitimacy of the ban. Additionally, the Chamber of Commerce in Jordan appealed to the dismissal of the ban which lasted for twenty years, while confirming that Jordanian agriculture operate within global quality measures which allow Jordan to export agricultural products to many countries in Europe (Anon, 2010). Exports of Jordanian fruits and vegetables in 2012 amounted to 800,000 ton (86.4% vegetables and 13.6% fruits). Consequently, Iraq occupies the first rank in importing fruits from Jordan (47.2%), followed by Saudi Arabia (16.6%). Nevertheless, it is noted that the aggregate total of exports of agricultural products dropped down by 5% in 2012 in comparison to 2011 due to the closure of the Iraqi market for an extended time period. Exports of Jordanian agricultural products to Iraq dropped down from 208,000 ton in 2011 to 104,000 ton in 2012; a percentage of 50% (Anon, 2013). This example is a showcase on the major influence played by constraints and restrictions on exports and explains the reasoning behind ranking these factors in the lead of the pyramid in the Jordanian context.

Governmental aid is ranked fifth in importance in reference to respondents. Since 2012 Jordan has been witnessing a stoppage in growth compared to 2011. Inflation rates mounted 3.8% in 2012 compared to 4.4% in 2011. The Jordanian street encountered an obvious increase in prices in a broad level including oil, electricity, and nutrition. This resulted in stagflation due to governmental rationing fiscal and monetary policies and in turn parallelized aggregate growth on one hand and prospect cost inflation on the other. It is argued that this rationing is coupled with the increase in the global prices in oil and imported staples. Domestic and external debt in Jordan mounted to JD1143.6 million in April 2012, 8.5% in percentage. This ratio forms 64.5% from nation gross product estimated for 2012 compared to JD13, 401.8 million, which forms 65.4% from national gross product estimated for the end of 2011. This is interpreted in the minimal internal resources for loaning in light of freezing the liquidation of the Central Bank. Moreover, foreign investments resent the notion of loaning without ensuring a valid reform programme. The continuity of internal loaning forms a challenge to the Jordanian government in light of nominal resources and the absence of prospect aid. For example, in 2012 exports dropped down to 4.1% to reach JD1,311.4 million, whereas imports increased to 22.2% to reach JD3,766.0 million; this resulted in JD 2,454.6 deficit due to the absence of governmental aid (Anon, 2012; *ibid*, 2013).

Consequently the study introduces the aforementioned pyramid as a point of departure for decision makers in Jordanian exporting firms when attempting to evaluate an exporting programme in Jordan. Moreover the study invites marketing managers to adopt a systematic curriculum that comprises of the main political and legal factors in reference to their importance as far as the Jordanian case is concerned. This aims to induce a more astute appraisal to the external environment concerning two vital interlinked forces to ensure the success of the exporting performance. Finally the study invites decision makers in general to examine the significant functions concluded in this study and the weight of each function in their local market, in order to land at a customized application which suits their domestic condition.

Consequently the study generates the pyramid bellow which summarizes the importance of the political and legal forces as perceived by the Jordanian managers in exporting companies. The pyramid constitutes two sections: high and moderate; representing in this sense the level of influence of each concluded factor from the most to the least influential. Political stability, macro political risk, constraints, restrictions, and governmental aid are factors ranked in the high section in the pyramid respectively. Whereas public political attitudes, law stability, ownership risk, The Access to Information Legislation, lobbying & PAC, political ideology, constraints on imports, transfer risk, governmental interference in trade, protection on local productions, quota on exports, lobbying, societal forces, and boycotts for Jordanian products, are factors occupying the moderate section respectively in the concluded pyramid.

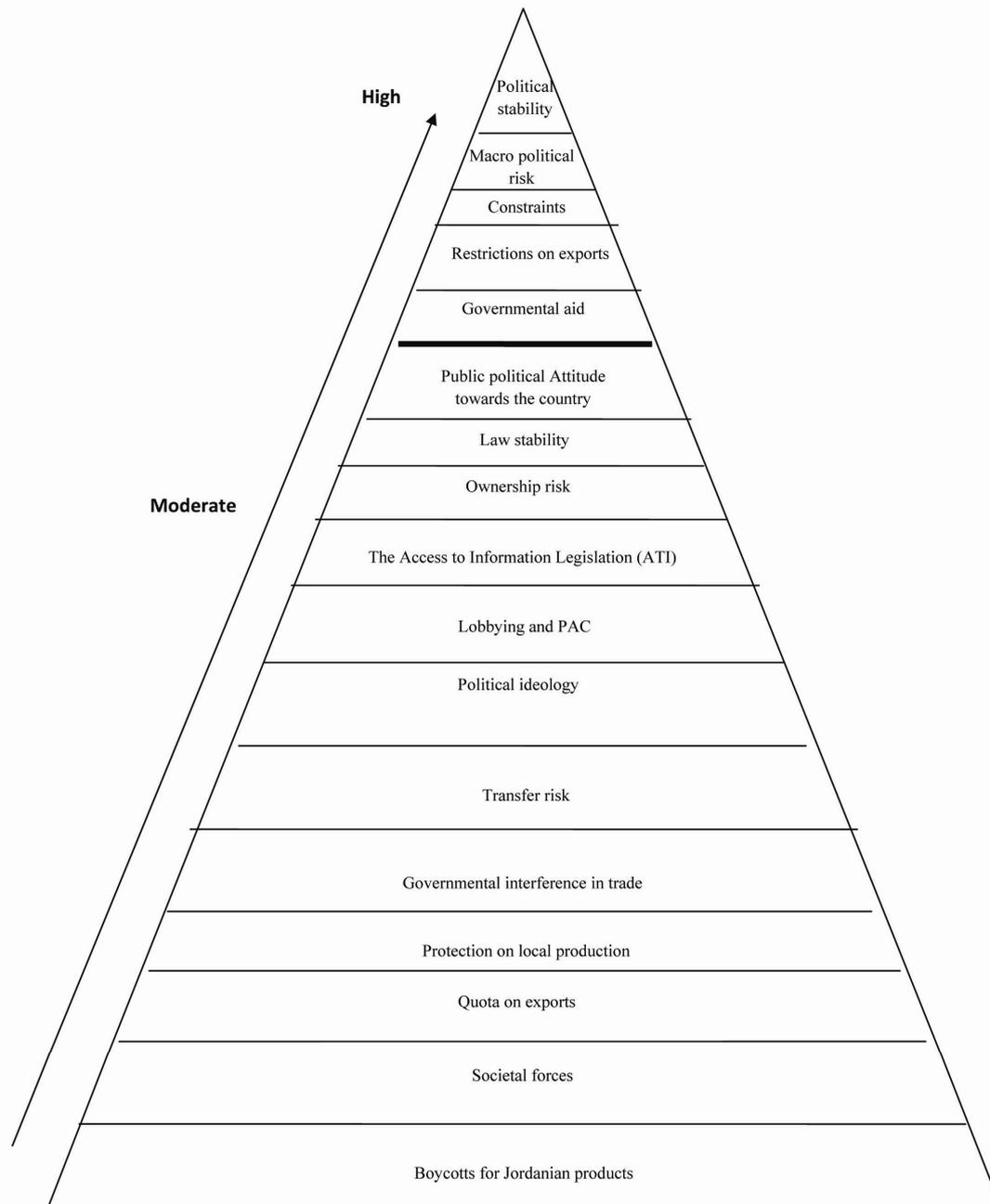


Figure 1. The significance of political-legal forces

5. Conclusion

Firms encounter numerous challenges nowadays; chief among them the escalating competition on one hand and the high levels of awareness today's consumers enjoy, all of which occur in an exceedingly dynamic and ever changing environment. Consequently the study dedicated a detailed focused on political and legal factors as two major interrelated elements in the business including the marketing environment. This focus springs from the intense political happenings currently taking place in the Arab region thereby influencing dramatically a number of aspects including business and economic.

As the study believes in the uniqueness of time and place in regards to the influences of the marketing environment's forces on firms and businesses, the study granted an in depth scrutiny to the impact of political and legal forces on Jordanian exporting firms in an attempt to reach a ranked model that evaluates such forces on the Jordanian exporting performance. This spotlight is due to the sensitive geographic location the country

occupies as the neighbor of many countries witnessing political and in turn legal volatility. Moreover although the country is famous for open regional and global ties, in addition for a number of exporting industries, however the economy in general and the exporting performance in particular suffer from sharp fluctuations owing to the current instability in the region. Therefore the study lands at a theoretical framework that summarizes the prime elements that constitute political and legal factors, from which the study extracted a customized pyramid that ranks in significance the political-legal factors within the context of Jordan. The authors observe that this pyramid is to operate as a reference to Jordanian decision makers in exporting firms. In a broader context however the pyramid embodies a number of political and legal aspects that must be considered by exporting firms overall.

It is observed that modest literature discussed the aspects of political and legal forces in relation to exports. Nevertheless published literature debates threats posed by issues such as political instability and political risk on the destiny of international firms including the exporting performance due to possible mistrust by investors or purchasers in importing countries. Additionally, governmental regulations such as quota, tariffs, and sanctions, not to mentioned the stability of law in both importing and exporting countries, are all forms of legal aspect that induce unpredictability regarding the fate of exports.

In the spirit of examining the political-legal forces in the context of Jordanian exporting performance, questionnaires were designed and distributed on decision makers of exporting firms- those who agreed to participate in the study- in an attempt to pinpoint the most influential forces in this particular milieu. As a result, the study landed at five main forces that depict a major impact on Jordanian exports as they occupy the peak of the pyramid: political stability, macro political risk, constraints, restrictions on exports, and governmental aid respectively. The pyramid then descends in significance reflecting factors that also influence the Jordanian exporting performance relatively and thus be examined before launching an exporting activity. These are respectively: public political attitudes toward the exporting country, law stability, ownership risk, the Access to Information Legislation, Lobbying, political ideology, transfer risk, governmental interference in trade, societal forces, and boycotts for Jordan products.

It is worth noting that the aforementioned factors fall in alignment with the Jordanian reality in the sense that political instability is an ongoing issue in the Arab region on the whole. Rationally such instability not only plays vital roles in incident locations, but also forms continuous threats on various aspects in neighboring countries including trade and commerce. Nonetheless and in a rather relative logic, political stability in Jordan is deemed a cultural symbol throughout the years of political tension in the region, notably in countries across the Jordanian borders. This symbol is currently praised and boasted by Jordanians in various industries including business. Subsequently this explains the profound focus on the political stability on one hand and political incidents on the other by Jordanian respondents, which is also reflected in the concluded pyramid. The importance of political stability projects the relationship with the local government on one hand and also determines the legal aspect of the exporting relationship—whether implicitly or explicitly—with the importing country as far as facilities or constraints are concerned.

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