

Management Challenges in State-Owned Export Credit Agencies in the 2020s; Case Studies in Iran and Hungary

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SUMMARY

In the 2020s, Export credit agencies alongside other industries face many critical challenges such as new technologies (like Artificial Intelligence and Blockchain), environmental issues, and new financial crises that force change or modification to the organizations. State-owned ECAs have some limitations in their regulations and are inherent in the way of the change process. This paper aims to investigate the management challenges in ECAs in facing the changes needed in the 2020s and how they face them. ECAs in Iran and Hungary are used as case studies. Content analysis with an inductive approach is done to interpret the conducted interviews.

Keywords: Export credit; ECAs; Management Challenges; Change management; crisis.

Journal of Economic Literature (JEL) codes: F30; G20; M10; O30

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INTRODUCTION

Businesses have been faced with several challenges that force some organizations to terminate their activities as they could not follow the challenges. Accordingly, organizations need to track the challenges, cope with them, and make opportunities from them. Like other businesses, in the 2020s challenges like new technologies, the rapidly transforming technology, environmental issues, and economic downturn because of COVID-19 should be noticed among the management issues of the export credit agencies. For the credit finance industry, the probability of a financial crisis and damaging financial stability is a very critical issue. For example, the newest crisis that every country is facing is the economic downturn because of COVID-19. This crisis for the financial services sector can be more crucial because first, they should survive this crisis, and second they should insure their customers financially. Especially in the public finance credit organizations, the aim is mostly to serve and support financially their customers rather than focusing on the profitability side. Besides, the implementation of new technologies helps ECAs to be more efficient in providing support for their customers and also be a powerful organization. However sometimes, especially under the direct

control of the government, the state-owned export credit agencies face serious limitations such as strict rules, administrative bureaucracy, strong supervision of adjudication unit and so on that make it considerably hard, intolerable, and less motivated for managers to apply changes regarding the new technologies and other challenges.

The study aims to investigate the management challenges state-owned export credit agencies face in the 2020s. We used Iran and Hungary as case studies to implement empirical research on the subject. Accordingly, in the next part of the study, some literature is discussed. The third part of the study is describing the methodology and data. The result and discussion parts are debated in sections 4 and 5, respectively. And finally, in part 6 the conclusion is given.

LITERATURE REVIEW

To discuss the literature review of the study, five questions are going to be answered. First, what are the characteristics of export credit agencies (ECAs)? Second, what challenges do the ECAs face in the 2020s? Third, how can managers cope with these challenges? Forth, what are the change management approaches? And finally, what are the management limitations in ECAs to cope with challenges?

The export credit agencies

According to OECD, “Governments provide officially supported export credits through Export Credit Agencies (ECAs) in support of national exporters competing in export sales. Such support can take the form either of ‘official financing support’, such as direct credits to foreign buyers, refinancing or interest-rate support, or of ‘pure cover support’, such as export credits insurance or guarantees covering for credits provided by private financial institutions”. The aim behind the establishment of ECAs has been to increase export, to grow the production of domestic industries, and make it possible for local enterprises especially the small and medium-sized businesses to enter international markets by providing them credit insurances and giving guarantees to bank financing (Gianturco 2001). The most important role of ECAs is to cover the exporter’s risks where other credit insurers and banks are unwilling to accept their cases. As Gianturco (2001) mentioned, ECAs are the “flexible instruments of national policy”. Regardless of the considerable role of ECAs in international trade support, neither the society nor the academics give enough attention to them. In this context, Gianturco (2001) called ECAs “unsung giants”.

Export credit insurances cover the political, economic, and commercial risks that may cause nonpayment from buyers (Posner 1997). However, according to Salcic (2014), based on the country’s economic situation, the goods and services which are exported, and the history of trade in the country may make a difference on ECAs service for risk-taking and the conditions for providing their support. In most countries, political risks are not covered by private insurers and banks. Then in this case ECAs cover the risks. “ECAs’ activities continue to grow, while their risks of doing business also rise” (Gianturco 2001). According to Gianturco (2001), the organizational structure of the ECAs may differ based on the services they provide, their dependency on government and their level of autonomy, the extent of their work, the management perspectives, and so on. He identified 12 elements for ECAs’ success factors that are capital adequacy, organizational autonomy, support from the government, proper risk-sharing, appropriate fee structure, diversity of operations, quality of management, efficiency of procedures, aggressive marketing, skill in credit analysis, appropriate collateral and guarantees, and technical sophistication. In order to survive in the long term, ECAs should be professional and efficient in all these 12 elements. Accordingly, to be financially dependent on the government and in a managerial way does not make an ECA a successful one. Therefore, having a professional management system is so vital in the success of ECAs.

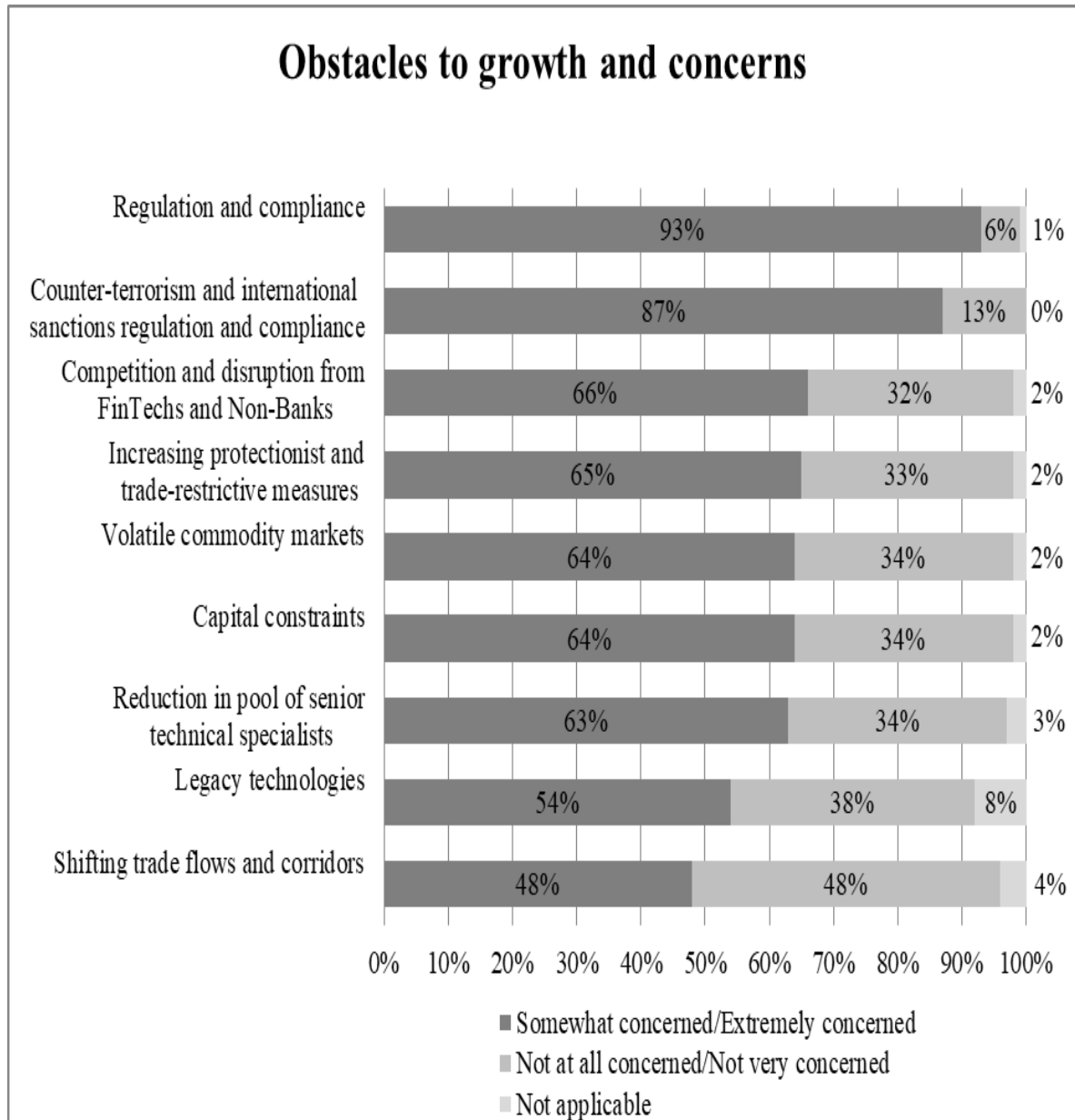
What challenges do the ECAs face in the 2020s?

ECAs alongside other organizations in the financial services sector are facing considerable challenges, most of which are technology-driven challenges (Team Linchpin, 2020). Among them, we may mention the spread of Artificial Intelligence (AI), robotics, digital businesses, FinTech (Financial Technology), Blockchain and cybersecurity (PwC 2020). According to Shelley Schad in Berne Union (2019, p.24), the export credit industry, along with other financial services sectors, should respond to the needs regarding the ‘ever-evolving technological world’. She added that “Adapting to these changes will become increasingly important as higher levels of regulation require more finely tuned data capture and startups challenge the marketplace.” PwC (2020) has stated that fast-growing technology can become a vital constraint for industries to be able to compete if they cannot adjust their organization to these changes. In addition to the challenges regarding technology, there are some others for the financial services sector in the 2020s. These challenges can be to continue handling the regulations (PwC 2020), the probability of financial crisis like the business lock-down because of the COVID-19, environmental issues and climate change. According to Georgieva (2020), “the financial sector will have to grapple with preventing the traditional type of crisis and handle newly emerging ones”.

One of the very important technologies that are required for organizations to survive in international business is Blockchain. According to Hilamnn (2018), the basic concept of Blockchain is “to decentralize the storage of data so that such data cannot be owned, controlled or manipulated by a central actor”. In this way, the issue of data transparency can be fixed. One of the problems for ECAs is the lack of transparency that causes the lack of data accessibility or the lack of accurate data. Accordingly, as Shelly Schad and Jérôme Pezé in Berne Union (2019) mentioned, by a Blockchain efficiency increase, operational excellence cost decreases, and provides trade finance organizations to finance the small and medium-sized enterprises (SMEs). By block chain, ECAs will be able to access the result of KYC (Know your customer) done by another agency/organization. Accordingly, once it is done by an agency, it will be accessible to others. The speed of the work increases and the cost and the energy will be saved. She mentioned an example from a survey done by Rabobank that “onboarding a new client is so arduous that 30 percent of 722 corporate respondents claim it can take more than two months, while 10 percent answered it exceeds four months”. This problem can be easily fixed by access to Blockchain technology. However, in

addition to having the technology, the regulation should also become updated to let organizations share the information and cooperation among ECAs and other organizations to apply the technology.

Otherwise, it won't make any sense. According to the survey by ICC (2018), the biggest obstacles to growth are regulations and compliance (see Figure 1).



Source: ICC (2018, p. 58)

Figure 1. Obstacles to growth and concerns

According to Shelly Schad in Berne Union (2019), Euler Hermes (A famous credit insurance company) in 2018 launched a fully digital platform in which the insured can look for the creditworthiness of their future customers, which not only give benefits to the insured but also to the ECAs, as their possible damage may decrease besides customer satisfaction benefits. According to Shelly Schad in Berne Union (2019) “Bain estimates that Blockchain trade finance, if adopted by all participants in the trade ecosystem, could reduce trade finance operating costs by 50 to 70 percent and cut the turnaround time for trade finance processes by three to four times”.

Fabio Rescalli and Mariangela Siciliano in Berne Union (2019, p. 29) noted that “digital transformation is not only about reorganizing processes through technology or moving services and products online. It is about establishing a relationship of trust with businesses, safeguarding their data and delivering better services in line with their different needs.” Besides, the new technology enables ECAs to give support with fewer limitations to customers who “provide governance, transparency & reliable risk control processes” as Jérôme Pezé in Berne Union (2019, p. 32) noted. He added that these new technologies increase the efficiency of the reporting system and the skills of employees that can increase the profitability of the insurance system. If all ECAs and other credit finance organizations collaborate and share their insights and information, the technology can be a considerable accelerator in data accessibility.

How can managers cope with the challenges?

These challenges can be opportunities or constraints depending on how managers can cope with them. With efficient change and crisis management, the challenges can transform into opportunities and competitive advantages for organizations. To what extent they can face them effectively is the crucial job of managers in ECAs. Both may need to change, modify, or reform some processes and structures in the organizations. Cohen and Eimiske (2002) mentioned that “effective public managers learn to foresee changes in policy direction and build agile organizations capable of rapid redirection”. According to Gonçalves and Campos (2018, p. xix) “the most common change drivers include: technological evolution, process reviews, crises, and consumer habit changes, as well as pressure from new business entrants, acquisitions, mergers, and organizational restructuring”. Besides, Kuzmanova and Ivanov, (2019, p.257) implied that “flexibility and adaptability of organizations play an essential role in the process of overcoming the chaos and the crisis”. Accordingly, the challenges mentioned are one of the important drivers of the

necessity of change in the credit finance sector. Hye et al. (2020, p. 123) referred to Serra, & Kunc (2015), and Hornstein (2015) mentioned that “change is a predictable consequence of applying various tech and functionality”

Efficient change management creates a structure that gives the ability to the system to implement the changes needed for the organization (Hye et al. 2020) which makes the process of the change a routine. In this way, organizations can follow the challenges very efficiently and be a ‘Pioneer’ in the marketplace. However, some literature implied that most public organizations are not so successful in implementing technology adaption because of the “lack of change management” (Hye et al. 2020). In the next section some literature in change management are discussed.

Change Management

Moran and Brightman, (2001, p. 111) defined change management as “the process of continually renewing an organization’s direction, structure, and capabilities to serve the ever-changing needs of external and internal customers” (Hussain et al. 2018 and By 2005).

According to Bamford and Forrester (2003), there are two main approaches to change management that are planned or emergent change. The planned approach recognizes the need of comprehending the several states that an organization should do to transit from an undesirable condition to the desired condition. However, the emergent approach to change implies that change should be viewed as a continuous, open-ended process of adjustment to changing situations (By 2005). The planned change is based on the work of Lewin. A very famous planned approach is the three-step model of Lewin that describes three stages: Unfreezing, changing (moving), and refreezing (Al-Haddad and Kotnour 2015). In his model, the change process should begin with unfreezing the present situation of the organization, then move on to making the necessary changes by choosing the appropriate leadership style, and finally, refreezing the state once the desired organizational change has been achieved. Lewin mentioned that a successful change process needs a clear understanding of the problem, identifying the solution, and implementing it (Al-Haddad and Kotnour 2015). Later, there were also some other famous planned change models like the four-phase model of Bullock and Batten (1985). However, there are some criticisms by some studies to planned change models like it is not applicable for rapid changes, in this approach it is assumed that organizations are working in a consistent environment, this approach overlooks situations in which more directive approaches are needed like in crisis times, and it assumes that all the stakeholders are in the same page to implement the changes and

ignore the probable conflict of viewpoints in organizations (By 2005). To respond to these criticisms emergent approach has gained more attraction. According to By (2005, p.375), there are some models of emergent approaches that are more practical than others like “Kanter et al. (1992)’s Ten Commandments for Executing Change, Kotter (1996)’s Eight-Stage Process for Successful Organizational Transformation, and Luecke (2003)’s seven steps”.

There are lots of studies that discuss how change management can be successful. Beer et al. (1990) believe that a task-alignment-based method to change, which begins at the periphery and gradually moves into the corporate core, is the most successful way to create long-term organizational transformation. In this view, change is initiated from general managers, not the top managers. Ad hoc organizational adjustments are created by them to address the specific business issue. In the change process, instead of focusing on abstractions like culture or participation, they focus on the work itself. Also, they added that in order to avoid failing the change process, organizations should consider the essentiality of coordination or teamwork, a high level of commitment, and new competencies. They mentioned six steps to effective change management and called it the ‘critical path’. Kotter (1995) in his 8 stages model pointed out that to increase the chance of success in transforming the organization should follow 8 stages. He added that not following each of these steps correctly makes an error in the process that may cause failure in transformation efforts. The errors are: “1. Not Establishing a Great Enough Sense of Urgency, 2. Not Creating a Powerful Enough Guiding Coalition, 3. Lacking a vision, 4. Undercommunicating the Vision by a Factor of Ten, 5. Not Removing Obstacles to the New Vision, 6. Not Systematically Planning for, and Creating, Short-Term Wins, 7. Declaring Victory Too Soon, 8. Not Anchoring Changes in the Corporation’s Culture”.

It is hard to say which model is best to choose. However, based on the organizational culture, leadership style, and other organizational characteristics, the organization may use the probably applicable method for them.

According to Cummings and Worley (2009), Organizational development (OD) practitioners in the public sector must be fully aware of the distinctions between the public and private sectors, as well as the fact that OD applications might be difficult to implement due to complicated political and bureaucratic settings in public sector (Williams 2012). When the debate comes to the public sector, many limitations come through the way of effective management or in changing the approaches. In the next section, the limitations are discussed.

What are the management limitations in ECAs to cope with challenges?

According to Cohen and Eimiske (2002), a successful manager is the one who knows the company the best. According to the risky nature of ECAs, some managers face non-programmed decisions. In managing an organization when managers face non-programmed decisions, more creativity and flexibility are needed for effective decision-making (Kittisarn 2003). These situations are sometimes challenging and complex for managers. As McCall and Kaplan (1990) mentioned “it is no surprise that the consequences of managerial action are not always clear victories or defeat”. Managers always face some limitations. State-owned ECAs as public organizations face many limitations especially in applying changes.

By reading the studies of Ostroff (2006) and Rainy (2003) some main limitations for effective change management in public organizations can be summarized as follows:

- *The way of choosing public organizations’ managers:* Managers in public organizations are mostly selected based on political connections or commands and/or their working experience in the organization’s technical expertise in the agency but not because of their experience in successful change management.
- *The limited time of public organizations’ managers to see a change result:* Because of the way of being chosen, the agency’s managers usually come with the new president of the country and are changed when the president changes.
- *Strict rules and regulations in the public agency and the strong role of the adjudication unit:* this inflexibility in obligations makes it hard for managers to become persuaded to apply changes in the organizations as in public organization the punishments for failure is a serious issue. Sometimes managers don’t want to take the risk for change to not lose what Cohen and Eimiske (2002) called the “public image”.
- *The public bureaucracy:* It makes the change process and decision-making process for change slow. Ostroff (2006), recommended managers in public organizations to be less bureaucratic and be more leaders.
- *Values and the preferences of employees:* To implement the decision on change, it is very important how much committed they are to the values of the ECA, how free and valued they feel to give their opinions about decisions and the pros and cons of the ways of implementation.

METHODOLOGY AND DATA

To investigate our study topic in the ECAs in Iran and Hungary, semi-structured, face-to-face, and in-depth interviews were conducted. After reading the 13 conducted interviews with Iranian ECA's managers and 2 interviews from a manager in Hungarian ECA, the qualitative content analysis with the inductive approach is applied to find the answer to the research question which is:

- What are the management challenges of state-owned ECAs in facing the changes needed in the 2020s and how do they face it?

The focus will be on middle managers as they may be better judges with less authority than top managers and have a closer view on implementation. Nevertheless, we interviewed one of the senior managers in Iran to have his viewpoint to have a more comprehensive result.

Short introduction of the companies

In this study, we conducted semi-structured interviews with the managers in Export Credit Agencies (ECAs) in Iran and Hungary. Iran's export credit agency's name is Export Guarantee Fund of Iran (EGFI). Hungary's export credit agency's name is EXIM, which is the integrated organization of Hungarian Export-Import Bank Plc. (Eximbank) and the Hungarian Export Credit Insurance Plc. (MEHIB). In our study, there is more focus on Iran's ECA and Hungary's case will mostly be used to have a comparative look.

The Profile of EGFI

Export Guarantee Fund of Iran (EGFI) is the official Export Credit Agency of Iran that is an affiliate of the Ministry of Industry, Mine and Trade, with an independent legal and financial entity, but relying on government support. The services EGFI provides are short-term, medium and long-term export credit insurance contracts, and also Credit and Bank guarantees.

Its vision is "turning to the best, the most professional and effective Export Credit Agency (ECA) across the Southwest Asia region", and its mission is "relying on the knowledge of the Fund's expertise, EGFI intends to support and encourage the exporters to expand their exports, alleviate their concerns via mitigating the commercial and political risks involved and tries to render customized services to its clients with minimum costs, shortest time and through optimal use of resources". The organizational chart of EGFI shows that the management system of the organization is defined as one CEO and twelve middle managers who are

under the power of the general assembly and the board of directors (EGFI 2017-2018).

The Profile of EXIM

The official Hungarian export credit agency is EXIM. EXIM is an integrated organization of Eximbank and MEHIB that are working in a uniform framework under the name EXIM. The owner of both organizations is the Hungarian State with 100% ownership. "The state-owned Eximbank and MEHIB, supervised by the Ministry of Foreign Affairs and Foreign Trade, perform export-credit agency tasks in Hungary, regulated by OECD and EU frameworks, with the basic objective of promoting the sale of Hungarian goods and services on foreign markets" (EXIM about us n.d.). "The two ECAs (Eximbank and MEHIB) work very closely, share one management structure, as well as their headquarters in Budapest and their joint website" (Bankwatch Network 2017). EXIM provides Cross-border Financing and Insurance, Domestic Financing, Guarantees, and Equity and Venture Capital Funds for its customers.

The EXIM's vision is "having clear financial solutions for the export activity of enterprises" (EXIM strategies 2017-2021), and its mission is "to support Hungarian exporting enterprises in facilitating the retention of jobs, growth in employment, and an expansion of Hungary's export capacities" (EXIM about us n.d.).

To explain the management structure of EXIM, by looking at its website (EXIM Management n.d.), it is shown that the management of EXIM contains the Board of Directors, the Supervisory board, the Deputy Chief Executive Officers, twenty-one directors, and three head offices (the head of Nursultan Office, the head of Beograd Office, and the head of Istanbul Office).

Research process and Data Analysis

In this study, 13 semi-structured interviews were conducted from the ECA in Iran and two semi-structured interviews (from the same person at different times) from the ECA in Hungary. It was done one by one and face to face with each manager in the ECAs. The interviewees in Iran were all the 12 middle managers in EGFI and one senior manager who is also a member of the board of the organization. The interviews were conducted in summer 2019. In Hungary's ECA, the interviews were conducted with one middle manager twice in June 2019 and September 2021. The languages of the interviews with Iranian interviewees were in Persian and with the Hungarian Interviewee in English. In this study, all of the interviewees have considerable experience working in ECAs and management experience. Interviewees 1 to 13 are from EGFI and interviewee 14 is from EXIM.

To analyze data, we used qualitative content analysis with an inductive approach. This method allows having an open look at the interview data. To analyze the data we did not use pre-defined codes. So, at first, we implemented the 'Open Coding' by reading the transcript word by word and line by line. By open coding, long texts are split into manageable parts (Easterby-Smith et al. 2015). After open coding, we defined the basic codes from transcripts and coded the others based on these codes. However, when we faced some data that could not be defined by those codes then we made some emergent code. After finishing this step we tried to compare, categorize, and grouping the wide variety of codes to find more focused codes and labeled the parts in a more systemized way. For a better analysis of the data, we needed categorization. Then, we put related and similar coded segments into groups with the same concepts. For a better interpretation of data, we categorized the themes into three main concepts (see below) that will be discussed in detail in the Results section:

1. Lack of authority,
2. Reaction to change (and/or willingness to change),
3. Efficient knowledge and information infrastructure.

RESULTS

Lack of authority

The importance of developing technology and new IT systems is valued by interviewees. However, they mentioned some limitations on the process of development. One of the important limitations is the lack of authority of managers especially the related managers in the IT sector for making the decisions. In EGFI, decisions about the projects related to new technology and development are made directly by the CEO and the board of directors. The information technology director can propose the project to the CEO and the board of directors and then the final decision is made by them. Interviewee 10 mentioned that the reason behind this process is that these projects are usually expensive and need considerable money from the organization's budget. So it is a big responsibility that is done by the CEO and the board of directors. However, he believes that giving the decision-making authority to middle managers and decreasing bureaucracy in this area could make the process more effective. Also, it sometimes occurs that some members of the board are not available. Accordingly, it makes it even more time-consuming to make decisions (Interviewee 10). Moreover, interviewee 1 also mentioned that the bureaucracy in the ECA sometimes can make the management process slow. Time is very important in the rapid technology change and dynamic environment of businesses. Nowadays technology changes really

fast. Accordingly, to be updated needs a fast decision-making process.

The other issue in EGFI is that the viewpoint of the CEO and the board of directors as main decision-makers is very important: how they think about the importance of IT development in the ECA and how up-to-date they are regarding the critical value of IT for the agency. They should have broad knowledge about managing ECAs, their needs, and how to develop them. As it is mentioned in section 2.4, one of the management limitations in public organizations is that usually senior managers in these companies are chosen based on political relations and on the command of powerful people in government that may be the reason for not having a broad vision and experienced-based decision regarding changes. In addition to the CEO, the HR department when hiring people should consider the applicants knowledge and point of view about IT and development. Interviewee 10 mentioned that:

"[...] Personal taste should not be interfering with the decision-making process [...] The viewpoint of the CEO on IT is very important [...] As the processes in IT need big money, the macro decisions about IT will be made by the CEO and the board of directors. [...] Support of the CEO from IT projects is very important. We need more support for the IT sector in the organization and in the time for selection of people in the organization, the factor that how much they know the IT area should be considered".

Interviewee 5 also mentioned that:

"[...]the CEO and the board should have an open-minded look to problems and should not decide based on their personal opinion".

And also Interviewee 1 pointed out that:

"[...] the organization should be managed more based on science and experience and less on management's taste. These people change by the government choice and sometimes they may not have any experience of working in ECAs. If there is a stable pattern and system, it may be possible to avoid these kinds of situations. [...] It would be much better if these managers were chosen from inside the organization and were the ones who have gone through the hierarchy of the organization in order to have a more specialized view for decision-making".

Interviewee 2 also mentioned the value of knowledge and experience of managers and other employees in directing the ECA effectively:

"...In the management-related decision-making process by ECAs, the following factors are important regarding effectiveness: expertise of the experts (the understanding of the expert from the case), and the experience of the experts and

managers (based on how many cases they solve or worked on).”

The interviewee in EXIM also mentioned that experience and knowledge of decision makers in the ECAs play important roles in the quality of the decisions made. He also pointed out that in order to pursue development they have a development plan based on the goals of the organization. The plan and the requested cost to follow the plan should be approved by the operational committee and more supreme decision-making bodies. Then its implementation plan “is set to be in place of specific task of development”. In case of “additional request arises in terms of some specific IT issue or business issue, it can be added to the development plan”.

Reaction to change (and/or willingness to change)

Usually, in EGFI change does not happen too often and easily, and the most important reason behind this issue is the bureaucratic nature of a governmental institute. Permission is required from various layers of people in the hierarchy which can be time-taking (a couple of months) and energy-consuming, considering that managers sometimes prefer to avoid it. As interviewee 5 mentioned:

“[...] so sometimes because of the difficult and time-taking process, the ECA’s managers prefer to not change the routine. It prevents the growth and development [...]”.

About the need to get permission from the government to apply any change, Interviewee 12 noted that:

“[...] we need permission from the government for change; we cannot change the methods without their permission. The process of getting permission is very slow and time-consuming”.

However, some interviewees in Iranian ECA (EGFI) mentioned that some changes in management or decision-making process may happen that can be due to changing the decision-makers (CEO and the board members). It shows that the institute is mostly person-oriented rather than system-oriented. Noticeably, interviewee 1 also criticized that:

“[...] the decisions should be based on the experts’ experiences and reports. We should have a methodology for every process and system [...]”.

According to the senior managers’ policy, vision, and point of view, some changes may happen in the ECA. As interviewee 1 mentioned:

“[...] change may happen by changing the board members or CEO. If it happens frequently it causes avoidance in making long-term decisions and plans. Every person has a different view

which causes not continuing the previous manager’s decision and approach. [...] by changing the board’s members or the CEO, the system may change because of different viewpoints, educational background, character, deeds, specialty, and work experience [...]”.

Also, interviewee 7 believes that:

“[...] changing the senior managers may bring a new management approach to the organization [...]”.

Interview 10 mentioned a disadvantage for this issue:

“[...] if it happens frequently, it causes not making long-term decisions and plans. Every person has a different viewpoint which causes not continuing the previous manager’s decision and approach”.

Also, there are few cases when temporary changes in the way of management decision-making may happen in the face of some crisis. In some cases when a crisis happens or in the case of a situation when there is a need for urgent reaction or decision to cases, some shortcuts are defined in EGFI. The process becomes more flexible to change when a crisis happens. The managers would collaborate more and be more flexible about the process of decision-making and its implementation. For example, if a manager requests an urgent decision, ‘emergency meetings’ in an informal way with available or selected committee members can be held to solve the issue within the permitted authorities. Or in some cases, there is a shortcut to the CEO or to the board without having a meeting to decide about the urgent case. Interviewee 4 mentioned that:

“[...] during a crisis, or when there is a lack of time for waiting for the next committee meeting or the board meeting, we organize an urgent meeting or even several times a week to solve the case and decide about it [...]”.

Interviewee 3 pointed out that:

“[...] however, when the case is really urgent and the time of the technical committee’s meeting is not soon, then they take the middle managers’ signature manually, and then the final signature from the CEO [...]”.

However, in Hungarian ECA (EXIM) as interviewee 14 mentioned, in urgent or unusual cases, “they can put any process on hold because putting something on hold is not a decision. It is quite a quiring time of a decision”. For example, if the case has some political issues, they would put the process on hold to investigate the case more precisely. In the second interview with him, he mentioned that during COVID-19 they had a ‘COVID committee’ for some operational issues which were hard to present to the regular operational

committee. However the decision-making process itself has not faced any changes.

The interviewee in EXIM also noted that in EXIM, concerning the process of analyzing data, the issue is mostly related to the regulations in these terms; however, after the crisis of 2008-2009 the issues regarding data became considerably more regulated than before, especially in the European Union. He sees the regulations regarding data collection and data analysis to be better than before. However, in general, he sees that sometimes the ECA is overregulated and it may be considered as limitation for the decision-making process. He mentioned in his second interview that:

“[...] this over-regulation is specifically touching the issues in general about what kind of activities financial institutions do and how they need to decide on that activity [...]”.

Maybe not in the management process itself but regarding support levels and their conditions, the EU gave more freedom to the state-owned ECAs during the COVID-19 pandemic as Gergely Jakli, EXIM's CEO and chairman of the board of directors in his interview with TXF (2021) mentioned:

“Given the current epidemiological situation, the EU is giving Member States more scope to support businesses on their territory. As long as it is maintained, the state and public background institutions have the opportunity to stimulate companies operating in their territory with higher support levels or looser support conditions; there is more room for maneuver among state-subsidized loan schemes and grants”.

However, it also shows the obstacle of regulation and their dependency on EU regulations. They should wait till the EU eases the regulations in case of need. It seems to be the same issue for EU member States.

Efficient knowledge and information infrastructure

One of the very important topics in the interviews could be understood as the ‘efficient knowledge and information infrastructure’. To provide efficient knowledge and information infrastructure, the facilities, conditions and human resources should be chosen effectively. According to interviewee 13, “HR process should be based on the goals of the system and on knowledge”. Employees should be up-to-date and have enough knowledge and skills related to the ECAs’ work. What’s more, both managers and employees should always get new knowledge and be educated during their work.

As interviewee 8 emphasized that:

“[...] we should use the correct and efficient evaluation modeling of credit risks to

avoid human mistakes. But we should also add the skill, experience, and knowledge of managers and employees to the result of evaluations. We should be up-to-date about the political and economic situation of the country and the world [...]”.

Most of the interviewees pointed out the importance of data availability, data transparency, and correct validation that require up-to-date technology, good relationship with other ECAs and related unions, and accessibility to the required data. The most important technology for this aim is Blockchain. By Blockchain technology, they can have access to the customers’ background and creditworthiness done by other organizations inside and outside the country. Also, they need the data for calculations of the level of creditworthiness of foreign buyers that is also easily accessible by Blockchain. This tech improves the quality of data, accuracy of information, transparency of information, speed of work, and financial situation by paying fewer claims and gets more recovery payment, and it decreases errors and cognitive limitations. So generally speaking, the work efficiency of ECA increases. However, Iran is facing political and economic sanctions in recent years. According to the sanctions, they cannot easily access some international information and data centers of ECAs. The exchange of information and improving networking systems is emphasized by some interviewees. However, despite the sanctions which limit access to international data, as interviewee 4 mentioned, access to inside Iranian data center, e.g. the Central bank database is also limited:

“[...] it is really good to be connected to the information center of the country and to be able to reach it easily. Inaccessibility to the bank information of customers is an important limitation for the ECA because we are not connected to the central bank’s information systems and don’t have online information. So we need to ask the exporter to bring the financial statements from banks. But to what extent can we trust these documents? [...]”

Interviewee 4 also believed that “access to the Central Bank’s database prevents fraud and lack of data. It leads to faster, more accurate, more precise and fair decisions regarding insuring customers or giving them guarantees. And also because of the privacy of customer information, we cannot ask for this data directly from the banks. This problem is because of the weakness of regulations in the country”. Data accessibility has benefits for both sides of the contract because by faster service to customers, their satisfaction increases. Besides the weakness of regulations, some interviewees considered limited budget and capital as one of the important limitations for applying change in the ECA.

For having efficient work in the ECA interviewee 8 mentioned that:

“[...] IT and information technology should always be available to all managers. All the software in all sections should be harmonious and integrated which increases the management effectiveness and decreases the time needed for the processes [...]”.

Interviewee 5 mentioned that knowledge and experience should be mixed to get the best results:

“[...] effectiveness is increased by designing easy working (user-friendly) models, updating the patterns and models, and for damage payment and recovery we will need the correct and effective validation, and managers should decide based on less personal opinions and more on validation (There should be a balance between experience and knowledge) [...]”.

Interviewee 5 mentioned the ECA’s solution to the lack of data because of sanction:

“[...] before the sanctions we were using data from OECD for creditworthiness. After the sanctions, we face some discriminatory policies between members and nonmembers of OECD to provide information. Accordingly, we tried to make our own models using Neural Networks. In this model, we use historical data. However, by being a member of Berne Union and Oman institute, we can have some data [...]”.

Interviewee 1 pointed out that:

“[...] by the intelligence patterns we use, the risks have been identified correctly in about 80 % of cases but in 20 % they may have errors [...]”.

Interviewee 9 suggested that to develop knowledge, a one good plan could be to have more collaboration between universities and the industry.

Finally, interviewee 10 implied that “We need more support for the IT sector in the organization and in the selection of people in the organization. Also, the factor of how much knowledge they have in the IT area should be considered”.

The interviewee in EXIM Hungary pointed out their good ability of collecting and managing data:

“[...] we were, to be honest, even previously quite focused on data collection. We work in a market that hardly can be characterized as an understandable and open market that is covered by information sources to the maximum extent. You may know that the majority of the activities of ECAs are in non-marketable risk countries with lesser quality information and less information. Still, those who work in these markets (not only us), other ECAs, commercial banks, and so on, know how to collect, evaluate and manage the data [...]”.

However, in the second interview we had with him he mentioned that in Hungary, financial institutions are lagging behind the Blockchain technology in comparison to Russia, China, the US and also some eastern Asian countries, and it is not only the issue of Hungary but in most of the European countries it is almost the same.

In the end, the interviewee in EXIM mentioned that as a public organization they are strict, transparent, and prudent. Private companies have more freedom to pursue the goals of profits and operative effectiveness, and also in their decision-making levels and authority. Regarding this issue, interviewee 1 in EGFI also pointed out that effectiveness and development can be more frequently observed in private companies.

DISCUSSION

In this section, we are discussing the overall understanding of the three concepts ‘Lack of authority’, ‘Reaction to change (and/or willingness to change)’, and ‘Efficient knowledge and information infrastructure’.

In EGFI, it is understood that in developing technologies and IT systems, and also reacting to a crisis, middle managers are not authorized to make any decision or implementation. They can only make proposals to the senior levels and implement their decisions. In very expensive projects they should get permission even from government bodies. However, this process is very slow and sometimes takes months for the development proposal to be approved. Today technological development is rapid. To be efficient and up-to-date the organization needs to have the newest approved technology by world-famous ECAs. The traditional and bureaucratic hierarchy of a management system may not be too effective and efficient as speed sometimes matters more. The reason is that in the period from development proposal to decision-making and then during the implementation of the technology, the more upgraded one may arrive to the world: so even if the decision is accepted still they are behind the time. This time-taking process may sometimes inhibit change and ask for change, as it is a long and tiring process that may not even be approved.

The other issue that occurs when the related manager does not have the authority is that the senior managers may not have enough insight into the IT system and it considerably affects better support for customers and also developing the ECA itself. They may involve their personal opinion in the decisions which are not very much approved in nowadays very systematic way of organizations’ management. However, the result shows the tendency of having a person-oriented approach in managing the ECA. To be more precise, it is mentioned that change may happen by change in decision-makers that are the

senior managers or the government bodies. The management approach in the ECA may face some changes by the new decision-maker. However, by being a system-oriented organization they will be able to make more development plans and they won't face problems from the replacement of decision-makers. In EGFI, when a crisis happens, short-term reactions may happen in the decision-making process of the organization such as: 'urgent meetings' in an informal way, 'shortcuts to the CEO or the board of directors' without committee meetings, and getting the signatures manually without having a committee.

The importance of having efficient knowledge and information infrastructure is pointed out several times in the interviewees in EGFI. The Human Resources (HR) Department, Information Technology Department (IT), and Risk Management Department have decisive roles in this process. Human Resources should work on increasing the knowledge of employees and consider it essential in hiring new employees as well. Employees should be well-educated, well-skilled, have the willingness to grow and gain more updated knowledge, and good at applying technology. For the Risk Management Department it is important to apply correct, user-friendly and up-to-date evaluation models. As access to some models is restricted for Iran, they tried to be innovative and develop their own models. In addition, with the collaboration of the IT sector, they should try to access more data centers. They should implement Blockchain technology for their organization that considerably increases the efficiency of the ECA. However, without support and access from other financial institutions, it is not effective. Iran is in a challenging time because of its political situation with lots of economic and political sanctions. These sanctions made it really hard for the ECA to access international information. However, inside the country, it is not a sanction but a limitation of regulation. These strict regulations do not allow organizations to share customer information with others. Accordingly, they cannot benefit from using the result of KYC (Know your customer) done by other sectors especially the Central Bank. Accordingly, the weakness of the country's related regulations is a vital limitation that should be considered and solved by the government.

However, the case for EXIM is a bit different with considering some similarities. In EXIM, for being up-to-date in technology and using efficient IT systems, they have development plans that should be approved by the operational committee and more supreme decision-making bodies. This development plan can be edited by additional requests in terms of IT or business issues. However, in using Blockchain technology it is not very advanced. Similarly to the

Iranian case study, this issue should be taken into consideration by the government in Hungary.

Decision-makers in EXIM act a bit differently in facing unusual decisions, e.g. when political issues arise. There won't be any changes in the process but they would put it on hold to investigate it carefully and do some negotiations with different parties. As mentioned before, in the COVID-19 period, the EU gave more freedom to the ECAs to ease the regulations in order to support exporters in such a difficult period. However, dependency on the EU to make decisions can become an obstacle for making decisions based on a country's needs and can reduce the speed in supporting exporters.

In EXIM after the crisis 2008-2009, the issues regarding data accessibility, data collection and data analysis become more regulated in an efficient way. This is also similar to other European Union countries. According to the result, EXIM is well capable of gathering necessary data, evaluating them, and managing the data. In general, it was mentioned that being a governmental organization gives some ineffectiveness in the management process as they don't care about profit and for them supporting customers is a priority as Iranian interviewees have also pointed it out in this issue.

CONCLUSION

In the 2020s, Export credit agencies (ECAs) face considerable challenges like rapidly growing technologies, global and financial crises, and so on. According to the vital role of these organizations in the economy of a country, it is necessary to take these challenges seriously to make them drivers of the success of the organizations. To cope with the challenges efficiently, effective change and crisis management should be applied in the organizations. However, in state-owned ECAs, there are some limitations and constraints that make these organizations to react to changes less efficiently than private ones. According to the case studies, these limitations are mostly related to the weakness of regulations, political constraints, inefficiency of the bureaucratic system in public organizations, and personal orientation in public organizations.

We recommend that, by considering public organization's values and real mission, some modifications should be applied in the ECAs management system especially in Iran that can be transformed to a less hierarchical, less bureaucratic, and less person-oriented system, with managers having leadership skills, and considering efficient change managing as a necessity in the organization.

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