



# Enhancing export performance: Betting on customer orientation, behavioral commitment, and communication



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## ABSTRACT

This study examines the extent to which behavioral commitment and communication mediate the effect of customer orientation on export performance such as satisfaction with the percentage margin, capability of payment, and level of complaints. The research was carried out in the Norwegian seafood industry with a sample of 105 exporters. Length of the relationship, firm size, and environmental uncertainties are considered as covariates. The results show that behavioral commitment and communication fully mediate the relationship between exporter's customer orientation and customer's payment capability. Furthermore, communication mediates the relationship between customer orientation and the level of customer complaints. The results do not support the view that behavioral commitment and/or communication are key mechanisms promoting exporter's satisfaction with the margins. The more predictable and stable the environment is in the export market, the more likely it is that the exporter is pleased with the level of complaints and the percentage margin.

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## 1. Introduction

Achieving high levels of performance in an exporting context is a major challenge because of physical distance and cultural differences between independent business partners, and different competitive situations (Bello, Chelariu, & Zhang, 2003; Leonidou, Samiee, Aykol, & Talias, 2014; Racela, Chaikittisilpa, & Thourun-groje, 2007; Zhang, Cavusgil, & Roath, 2003). Research focusing on relational elements such as mechanisms in the management of activities between independent business partners belongs to the relational paradigm, also referred to as the behavioral perspective (Styles, Patterson, & Ahmed, 2008). The relational paradigm has its foundation in the relational contracting theory developed by Macneil (1978). According to this view, doing business is not only concerned with discrete economic transactions based on price as an incentive and system of information, but also involves long-term relational exchange. Maintaining long-term business relationships is considered more efficient than being constantly searching for new partners (e.g. Granovetter, 1985). Researchers associated with the Industrial Marketing and Purchasing Group

developed the interaction approach, which also emphasizes the importance of developing and maintaining a close and long-term relationship in a buyer-seller context (e.g. Håkansson, 1982; Leonidas, Katsikeas, & Hadjimarcou, 2002; Styles & Ambler, 1994). This study, which focuses on ongoing business relationships in an exporting context, is rooted in the theoretical perspectives claiming that long-term business relationships benefit the independent partners involved in the business relationship.

Commitment is considered to be one of the key constructs in the relational paradigm (e.g. Dwyer, Schurr, & Oh, 1987; Leonidou et al., 2014; Morgan & Hunt, 1994). The partners involved in a business relationship characterized by a high level of commitment are dedicated to a close and lasting relationship with each other (Kim & Frazer, 1997b), and they are willing to put effort into the relationship to ensure that it lasts indefinitely (Dwyer et al., 1987; Morgan & Hunt, 1994). Most of the studies focusing on the individual components have investigated the attitudinal aspects of commitment – in terms of being affective, calculative, normative, and instrumental – while the behavioral aspect of commitment has received limited attention (e.g. Bloemer, Pluymaekers, & Odekerken, 2013; Brown, Lusch, & Nicholson, 1995; De Ruyter, Moorman, & Lemmink, 2001; Geyskens, Steenkamp, Scheer, & Kumar, 1996; Kim, Hibbard, & Swain, 2011; Styles et al., 2008). However, the studies carried out by Kim and Frazier (1997a,b) are exceptions. Among other things, they investigated the role of industrial

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distributors' behavioral commitment in a national market. Recent studies conducted in an exporter-importer context investigate the role of calculative and affective commitment (Bloemer et al., 2013; Styles et al., 2008). No research has so far investigated the consequences of behavioral commitment, nor its role in an exporting context.

Based on research reported in the organizational and marketing channels literature, Kim and Frazier (1997a) identified behavioral commitment to be one out of three key components of commitment in marketing channel relationships (the other two were continuance and affective commitment). Behavioral commitment refers to the extent to which the exporter demonstrates high commitment to the business relationship by offering special assistance when the importer asks for it (Kim & Frazier, 1997a,b). In the Norwegian export seafood industry, providing special assistance may include extended credit, flexible payment schedules, and acceptance of unfavorable orders, i.e., irregular deliveries and volumes that are less than fixed minimum volumes. The Norwegian seafood export industry operates in a global market that is highly competitive, and multi-sourcing is a common practice among importers (Pettersen, 2005). Strengthening the tie with one's business partner by offering help when the partner asks for it could be one feasible approach to the development of a stable and long-term business relationship. However, sustaining this kind of commitment is time consuming and costly, as it requires allocation of significant human and financial resources (Leonidas et al., 2002; Skarmeas, Katsikeas, & Sclegelmilch, 2002). Investigating the extent to which offering special support to a buyer influences the exporter's performance in a positive way is therefore highly relevant from a managerial perspective.

Communication, which refers to open sharing of information, is considered a key behavioral construct, playing a vital role in developing business relationships in a cross-cultural context. Communication leads to improved coordination, commitment, cooperation, and performance, and higher level of trust (e.g. Anderson & Weitz, 1989; Coote, Forrest, & Tam, 2003; LaBahn & Harich, 1997; Leonidou et al., 2014; Nes, Solberg, & Silkoset, 2007; Phan, Styles, & Patterson, 2005; Zhang et al., 2003). Communication is essential to achieve success in relationships crossing national borders because of the difficulties of understanding the needs of remote customers (LaBahn & Harich, 1997). Therefore, extending the knowledge base regarding the role of communication in a cross-cultural context is highly relevant (Voss, Cullen, Sakano, & Takenouchi, 2006). Furthermore, research shows that communication is an essential input to the development of commitment in business relationships crossing borders (e.g. Leonidou et al., 2014; Nes et al., 2007; Styles et al., 2008). The relationship between communication and behavioral commitment has not been examined in previous research, neither has their joint effect as mediators in a cross-border context.

Customer-oriented firms emphasize understanding and meeting the needs of their customers (Narver & Slater, 1990). Customer-oriented organizations achieve profitability through creating superior value for their customers by offering the best solutions to customers' needs (e.g. Day, 1994; Narver & Slater, 1990; Zhou, Brown, Dev, & Agarwal, 2007). Offering the best solutions includes responding to customer inquiries in an effective way and resolving customer complaints (Parasuraman, 1987). Moreover, the quality of the products must be secured from the point in time it is ordered until the delivery reaches the customer, and the products must be delivered in a minimum of time without errors. Consequently, the logistics, delivery systems, and services supporting these systems need to be continuously developed and maintained (Slater & Narver, 1994).

Although it is recognized that customer orientation is a driver of performance (Hult & Ketchen, 2001; Kumar, Venkatesan, & Leone,

2011; Slater & Narver, 1994; Sousa, Martinez-Lopez, & Coelho, 2008; Zhou et al., 2007), research indicates that it is not clear how customer orientation relates to performance. Some studies conducted in an exporting context report a direct positive relationship (e.g. Cadogan, Diamantopoulos, & Siguaw, 2002; Rose & Shoham, 2002), while a study carried out by Solberg and Olsson (2010) reveals a negative relationship. Recent studies suggest that investigating the mechanisms that mediate the relationship between customer orientation and performance has a potential value (Hortinha, Lages, & Lages, 2011; Murray, Gao, & Kotabe, 2011; Racela et al., 2007; Smirnova, Naudè, Henneberg, Mouzas, & Kouchtch, 2011). Evidence shows that customer orientation is essential in building high quality relationships characterized by satisfaction, trust, commitment, cooperative norms, and cooperation (e.g. Blesa & Bigné, 2005; Bigné, Blesa, Küster, & Andreu, 2004; Racela et al., 2007; Siguaw, Simpson, & Baker, 1998). Besides, studies show that relational behaviors mediate the customer orientation–performance relationship (e.g. Baker, Simpson, & Siguaw, 1999; Cross, Brashear, Rigdon, & Bellenger, 2007; Racela et al., 2007). However, we still have limited knowledge about the relational qualities through which customer orientation influences performance, especially in an exporting context (Racela et al., 2007). Consequently, one of the objectives of this study is to extend this knowledge base by introducing behavioral commitment and communication as possible mediators in the customer orientation–export performance relationship.

Furthermore, we have limited knowledge with respect to what kind of performance measures are likely to be influenced by behavioral commitment and communication. A frequently used approach to measure export performance is to adopt a scale that captures the multi-faceted nature of performance (e.g. Cavusgil & Zou, 1994; Nes et al., 2007; Styles, 1998). A few studies have investigated the link between antecedent factors and the individual export performance measures, such as sales growth, profitability, and the level of satisfaction (Cooper & Kleinschmidt, 1985; Cadogan et al., 2002; Hult & Ketchen, 2001; Madsen, 1989). Findings show different results for the individual measures of performance, claiming for the necessity of understanding how exporters can attain specific performance objectives (Cadogan et al., 2002; Cooper & Kleinschmidt, 1985; Madsen, 1989). Consequently, the second objective is to examine separately three different export performance measures considered to be essential for the industry under study (margins achieved from the customer, the customer capability of payment, and the customer level of complaints).

Summing up, this study contributes to the literature and practice by: (1) integrating two streams of research (relationship marketing and market orientation paradigm) in order to extend our knowledge base regarding how the exporter can achieve satisfactory performance; (2) bringing new knowledge concerning the individual and joint mediating effects of behavioral commitment and communication in the customer orientation–export performance relationship; (3) shedding light on the question whether it is beneficial to invest in behavioral commitment and communication to achieve satisfactory performance in terms of margins, paying capability, and level of complaints, and (4) proposing practical directions to exporters.

## 2. Development of hypotheses

### 2.1. The mediating effect of behavioral commitment

#### 2.1.1. Customer orientation and behavioral commitment

Narver and Slater (1990) were among the first to carry out research to examine the market orientation concept, and customer orientation was one of the key components. Customer orientation

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