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Antecedents and consequences of export entrepreneurship ☆

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ABSTRACT

Purpose of the research: This paper has two main objectives. First objective involves defining export entrepreneurship as well as its dimensions of speed, degree, and scope. These objectives respond to current literature scarcity and fragmentation. Second, to employ empirical analysis to explore export entrepreneurship determinants and consequences through resource-based view and contingency approach.
Methodology: A conceptual model with a multi-sectoral sample of 212 Spanish exporting companies is the basis for empirical analysis.
Principal results: Results reveal that export entrepreneurship positively depends on internal factors such as managerial export commitment and resources regarding experience and structure. Likewise, export entrepreneurship depends on external environment contingency factors, such as competitive intensity and distance between export firm's markets. This study also shows that export entrepreneurship positively affects export performance.
Major conclusions: Managers can use above findings to systematize decisions and actions regarding their firms' export activity and improve export performance.

1. Introduction

Through new business creation and development, entrepreneurship and exports are essential for countries' economic growth processes. Entrepreneurship contributes to economic growth by creating and transmitting knowledge, and increasing competitiveness and diversity (Hessels, 2007). Exports positively affect the quantity of national currency reserves and national prosperity, contributing to expand domestic industry, productivity, and employment (Hessels & van Stel, 2011).

Individually, entrepreneurship and exports constantly appear in economic, management, and marketing literature. Nevertheless, export entrepreneurship (EE) knowledge is scarce (Hessels & van Stel, 2011). EE origin stems from the fragmentation and absence of a theoretical framework in international entrepreneurship (Mainela, Puhakka, & Servais, 2014; McDougall & Oviatt, 2000; Oviatt & McDougall, 1994). This field suffers from knowledge gaps, theoretical inconsistencies, and contradictory results (Keupp & Gassmann, 2009). Export-oriented new ventures and international entrepreneurship field receive considerable attention from scholars in the last decade (Oviatt & McDougall, 2005a). However, the role of firms' factors and environment in entrepreneurs' export-oriented behavior remains unclear (Oviatt & McDougall, 2005b). Thus, analysis on their economic and performance effects remain insufficient (Zahra & George, 2002). Therefore, this paper's first objective is to contribute in defining EE concept, and its dimensions (speed, degree, and scope). The second objective involves using empirical analysis to look into EE determinants and consequences by applying resource-based view (RBV) and contingency approach.

The study has three main contributions. First, this study defines EE according to speed, degree, and scope. Second, following RBV, findings show that internal factors, both personal–managerial export commitment–and those of firm–experience and structure–affect EE level. Using contingency approach, findings reveal that factors of the exporting firm's external environment also affect EE. Thus, competitive intensity and, surprisingly,

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market distances between countries where exporters operate increase exporting firm's entrepreneurship level. Third, this paper demonstrates that EE positively affects export performance (EP), both quantitatively (sales growth) and qualitatively (manager satisfaction).

The study has the following structure: Section 2 explores theoretical framework, conceptual model, and hypotheses. Section 3 contains research methodology, sample details, and data analysis tools for empirical analysis. Section 4 presents results. Section 5 deals with main conclusions and managerial implications. Section 6 analyzes main limitations and future research openings.

2. Conceptual model and hypotheses

Ibeh and Young (2001) define EE as, "the process by which people, either by themselves or within organizations, take advantage of market opportunities–foreign–taking into account the resources available and the environmental factors which affect them." This definition highlights EE's dependence on internal (e.g., resource) and external (e.g., environment) factors. However, Ibeh and Young's (2001) definition considers that entrepreneurial exporters are those firms that start exporting. The question is: Are there different levels of entrepreneurship between firms already exporting? Ibeh (2003) adds to Ibeh and Young's (2001) definition that export entrepreneurs are those who demonstrate to be proactive and aggressive in searching export opportunities regarding product–market innovations. This description raises a debate in the EE area on export proactivity definition. This debate leads to the incorporation of three new elements to EE literature: Speed, degree, and scope.

Speed refers to the time for firms to start exporting (Acedo & Jones, 2007). Therefore, firms exporting early are the most entrepreneurial, showing a clear international orientation (Gallego & Casillas, 2014; Oviatt & McDougall, 2005b). The cut-off point in the speed of entry into foreign markets is the key to determine exporters' entrepreneurial orientation. Acedo and Jones (2007) consider 6 years as a good starting point to begin exporting. These factors differentiate International New Ventures—INVs—or Born Globals—BGs (who begin exporting in the first five years) from traditional exporters (who do so after five years). Traditional exporters have a lower entrepreneurial orientation than INVs or BGs, which are paramount in export firm's entrepreneurial behavior.

Scope is the number of foreign markets in which export firms generate income. This concept appears in literature as export extension or diversification (Ruzo, Losada, Navarro, & Díez, 2011). Scope measurement also raises the problem on where to put the cut-off point. Ruzo et al. (2011) consider that ten countries are necessary to distinguish between a firm tending to market concentration (firm exports to ≤ 10 countries) or to market diversification (firm exports to >10 countries). Market diversification indicates a more entrepreneurial behavior.

Export degree or intensity determines export firm's orientation level toward foreign markets regarding domestic market (Kuivalainen, Sundqvist, & Servais, 2007), normally measuring through export sales/total sales ratio. Literature finds no agreement on what ratio to evaluate exporters' entrepreneurial orientation, although some authors point out a ratio around 20% (Pla-Barber & Alegre, 2007).

In this context, the EE conceptualization is the process in which a firm uses exports to exploit opportunities in foreign markets almost immediately after launch—first 6 years of life. Regardless of their size, firms tend to commercialize their products and/or services through a strategy of market diversification–they are usually present simultaneously in more than 10 countries–and have a high export degree or intensity—normally over 20%. The nature of EE is therefore tridimensional, according to speed, scope, and degree.

Literature review reveals two groups of EE determinants: internal and external. Internal determinants have to do with personal factors of export decision-makers–export managers–and organization's resources and capabilities. Among external factors influencing EE are contingency factors regarding organization's environment, either of the country–domestic or foreign–or the industry in which the export firm works.

In this study, internal factors include export managers' attitude toward exporting, which their export commitment reflects. Following RBV, this study chooses structural resources–an export department and learning resources–and general and international experience as organizational internal factors. Regarding contingency approach, the study uses two groups of external factors. The first comprises external factors of destination country—market distances. The second comprises industry factors—competitive intensity.

EP is essential for decision-making in international arena (Madsen, 1998). Cavusgil and Zou (1994) define EP as the extent to which firms achieve their objectives when exporting a product in a foreign market, whether economic (profits, sales, costs, etc.) or strategic (market expansion, market share increase abroad, etc.), through planning and executing their international marketing strategy.

Literature review reveals three basic EP aspects that this study takes into account (Rose & Shoham, 2002; Sousa, 2004; Zou, Taylor, & Osland, 1998). First, EP is a multidimensional concept, whose assessment must take place through quantitative measures (sales, profitability, growth, etc.) and qualitative measures (perceived success, satisfaction, objectives achievement, etc.). Second, EP evaluation should not take place at a specific point in time (short term) but across a time horizon (Lages & Montgomery, 2004). Third, assessment measures must reflect management perceptions of performance (e.g., management satisfaction with EP) (Lages, Jap, & Griffith, 2008).

2.1. Managerial export commitment and EE

Managerial export commitment is export decision-makers' willingness to allot appropriate financial, human, and managerial resources to firms' export activity (Navarro, Acedo, Robson, Ruzo, & Losada, 2010). This willingness attenuates export risks and barriers that firms perceive and increases their predisposition to offer a stronger support to foreign distributors (Styles & Ambler, 2000). A greater willingness will encourage a business culture with an exports orientation, and would affect internationalization process—speed, degree, and scope (Navarro, Rondán, & Acedo, 2013). This arguments support the following hypothesis:

H1. Managerial export commitment positively affects EE.

2.2. Resources and EE

RBV considers resources as the basis of business results (Barney, 1991). Resources–results relationship is interesting for researchers on export activity (Cadogan, Kuivalainen, & Sundqvist, 2009; Colton, Roth, & Bearden, 2010). Nonetheless, resources–EE relationship suffers from a broad lack of awareness. This study considers two types of resources: Resources to do with experience–experiential resources–and resources to do with structure—structural resources.

Regarding experiential resources, a distinction exists between general and international experiences. General experience has a relationship with business activity knowledge in a competitive industry and provides a basis for a process of internationalization (Majocchi, Bacchiocchi, & Mayrhofer, 2005). General experience reinforces planning stage and reduces improvisation levels, decreasing the likelihood of making erroneous decisions in non-domestic markets and driving EE degree and scope (Nemkova, Souchon, & Hughes, 2012). International experience is the knowledge about foreign markets. This kind of experience generates specific learning about export activity, provides available information to facilitate firms' adaptation to foreign market needs, and facilitates international positioning (Morgan, Kaleka, & Katsikeas, 2004). International experience possession reduces the export risks and barriers that firms perceive, increases firms' orientation toward foreign markets, and drives entrepreneurial spirit (Knight & Cavusgil, 2004).