



# Global model of export performance: Moderator role of export department<sup>☆</sup>



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## ABSTRACT

Taking the resource-based view (RBV) and contingency approach as orientation, this study explicitly validates the interrelationships between human resources, competitive intensity, export commitment, strategic behavior, and export performance—strategic and operational. This study also confirms how these relationships fluctuate depending on the existence of an export department in international organizations. The data scrutiny uses structural equation modeling (SEM) through Partial Least Squares (PLS) as the statistical instrument. The sample comprises 196 Spanish exporting firms.

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## 1. Introduction

Export is firms' traditional route of access to foreign markets. However, only a few works adopt a global perspective on export, and take into account the organizational internal and external factors that may affect exporting success (Boso, Story, Cadogan, Micevski, & Kadic-Maglajlic, 2013), being necessary to move along this direction. This work represents a significant innovation on literature, giving a conjoint view of the factors affecting the export success of small- and medium-sized enterprises. This study has two objectives. First, to propose and test a conceptual model relating the following variables: (1) one element from the environment of the exporting company (competitive intensity); (2) internal factors associated with human resources; (3) managerial attitudes – exporter commitment; and (4) strategic behaviors – adaptation of the marketing-mix. The model analyzes the effect of these constructs on export performance. The second objective consists of identifying the moderator role that creation of a specific structure for the exporting activity—export department—can play in the model this study proposes. This knowledge is essential for a correct organization and planning of export as previous research indicates (Cavusgil & Zou, 1994; Emilio, Fernando, Antonio, & José, 2011).

This study offers four major findings. Firstly, the competitive intensity of the foreign markets is a relevant factor to take into account in the

export activity, because competitive intensity has a direct effect in organizational export commitment and an indirect effect on the result of export activity. Secondly, human resources and managerial attitudes are two cornerstones of exporting success. Thirdly, that adaptation of marketing-mix elements to the needs of foreign markets has a direct effect on the strategic results of export—export propensity and pace of international expansion—and an indirect effect in operational export performance. Finally, the results show how the creation of an export department is key to deal with the competitive intensity of foreign markets and for a correct planning and decision-making regarding export; thus an export department is a moderator of the possible success of the exporting company in the international arena.

## 2. Conceptual model and hypotheses

This work is part of the confluence of several theories and research lines. Initially, the structure–conduct–performance paradigm assumes that, basically, two noteworthy groups of antecedents concern export performance (EP): (a) the structural features of the export firm's markets (Zou & Cavusgil, 2002) and (b) the firm's aptitude to complete and carry out positional benefits in foreign markets over the effective and efficient application of the planned competitive strategy. In addition, the study applies the resource-based approach, concentrating on firm-specific resources, for instance, enterprise experience, dimension, and skills that limit strategic decisions (Kaleka, 2002). Nevertheless, these theories presuppose that the success of export action depends on contingent issues, such as those related to the external environment of the organization (Navarro-García, Arenas-Gaitán, & Rondán-Cataluña, 2014).

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## 2.1. Human resources in export activity

Export is a much more complex activity than domestic business, and employees and managers who have responsibilities regarding tasks or decisions in foreign markets play a key role on this matter. For example, in export-related human resources language abilities are very important to maintain a relational exchange with agents and distributors in over-sea markets, affecting information flows and permanent cooperation between the actors. This is also essential for the internationalization of SMEs. The provision and allocation of human resources to the export activity help to a better organization and planning of exports, contributing progressively to become regular exporters instead of sporadic ones (Samiee & Walters, 2002). This conditions the commitment that the exporting company is willing to take on foreign markets (Navarro, Acedo, Robson, Ruzo and Losada, 2010; ; Navarro, Losada, Ruzo and Díez, 2010).

**H1.** The number of employees and managers working on export activity positively affects export commitment.

Human resources play an essential role in research and interpretation of the conditions of foreign markets. Therefore, effective research requires personnel with distinctive expertise who can scrutinize foreign markets, and management employees that can start and formulate correct decisions (Deng, Menguc, & Benson, 2003). In this sense, some researchers recognize export experience/knowledge stemming from human resources as a vital factor of export success (Dhanaraj & Beamish, 2003). This knowledge is essential when firms are dealing with export opportunities, attempting to comprehend foreign market environments, and making an effort to react rapidly to sudden transformations and opportunities. Having enough employees and managers especially dedicated to these functions is one of the main bases for the future export success. Human resources may contribute toward the development of marketing-mix strategies fit for the particular features of each country-market; and therefore, conditioning the success of the exporting company in foreign markets.

**H2.** The number of employees and managers working on export activity positively affects the development of a marketing-mix strategy suitable for the conditions of foreign markets.

## 2.2. Competitive intensity in foreign markets

As Boso et al. (2013) suggest, a main foundation of contingency theory is that forces in the external environment affect firms' actions. Preceding research shows that the conditions in which a company works play a decisive role in establishing a firm's strategy (Cadogan, Cui, & Kwok Yeung Li, 2003). The marketing knowledge frequently subdivides a firm's environment into three topics: competitor, customer, and technology (Germann, Lilien, & Rangaswamy, 2013). In this study, add competitive intensity because research reveals that competitor actions are crucial elements of environmental uncertainty.

Competitive intensity refers to the extent of competition among diverse actors in a sector. As the sum of members in a market rises, the amount and volatility (in terms of timing and nature) of strategic variations could increase radically (Boso et al., 2013). Consequently, organizations' need to follow and respond to these movements increases. This need implies an increase of the efforts of the organization to react in a timely manner to a highly competitive environment, and a rise of the export commitment of the organization (Navarro-García et al., 2014).

**H3.** The competitive intensity of foreign markets positively affects export commitment.

In the arena of export activity, some researchers find a positive relationship between the level of competitive intensity of a country-market and the degree of adaptation in the marketing-mix program, according

to the principles of the contingency approach (Combe, Cadogan, Sundqvist, Puumalainen, & Salminen, 2012). Turbulences along with competitive intensity of external markets formulate the modification of the marketing-mix program necessary to react to foreign customers' demands (Cavusgil & Zou, 1994). Additionally, this turbulent environment pushes organizations to offer a satisfactory proposal in each country-market and to carry on competing against the national competitors with several guarantees in international markets (Qureshi & Mian, 2010).

**H4.** The competitive intensity of foreign markets positively affects the degree of adaptation of the marketing-mix program in export activity.

## 2.3. Export commitment

In connection with the influential structure–conduct–performance framing, a number of articles (Lages, Jap, & Griffith, 2008; O'Casey & Julian, 2003) go into export commitment as a precursor or contingency issue that affects international marketing strategy, which in turn defines performance. Export performance, from a general viewpoint, includes strategic and operational elements (Zou & Cavusgil, 2002), as Cavusgil and Zou (1994) discussed. In this context, scholars describe export commitment as a strategic determinant of assets' allocation to the firm's foreign trade operations, and as a crucial element for development and continuous expansion in foreign markets (Lages et al., 2008). This feature can condition managers' willingness to raise the firm's marketing forces to achieve the firm's international objectives (O'Casey & Julian, 2003).

Enterprises targeting foreign markets have a tendency to provide better support to their foreign distributors, and to switch information that is decisive for the success of their operations abroad (Cavusgil & Zou, 1994). These firms also offer supplementary services, predominantly post-sales services. This position can lead to greater levels of loyalty in the target markets, and have a positive consequence on reaching competitive advantages in the diverse country-markets where the organization operates (Filipe Lages & Montgomery, 2004), resulting in a positive evolution of the firm's sales abroad, and in manager's satisfaction with regard to export performance. Furthermore, export commitment influences the pace of international expansion and the organization's export propensity (Navarro, Acedo, et al., 2010).

**H5.** Export commitment has a positive effect on (a) strategic export performance and (b) operational export performance.

## 2.4. Marketing mix strategic decisions: adaptation vs. standardization

One of the key elements of export strategy is the standardization or adaptation of their marketing program. However, the benefits and drawbacks of each of the positions are complex. Standardization of the marketing program consists of proposing equal product lines at the same prices using analogous distribution systems, and promoting those product lines with identical communication programs (advertising, promotion, etc.) in several different countries. Several authors suggest a standardization strategy when the enterprise's target foreign markets behave in the same way (Kustin, 2004). Nonetheless, enemies of standardized marketing strategies in the international field indicate that even though socio-economic tendencies may come together in some market segments, noteworthy inter-country dissimilarities exist. These differences may owe to diverse national values, local market circumstances, extremely varied public policies and legal regulations, and different consumer responses to similar marketing motivations. In this context, a standardized strategy may thus be counterproductive (Navarro, Acedo, et al., 2010; Navarro, Losada, et al., 2010). Some authors draw attention to the fact that adaptation is unavoidable for the triumph of exporting businesses in foreign marketplaces (Albaum &

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