



An empirical investigation of the antecedents and performance outcomes of export innovativeness



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ABSTRACT

The present study develops and empirically tests a conceptual model of the organizational, strategic, and environmental drivers of export innovativeness. The relationship between export innovativeness and export performance is also examined. Using data collected from 168 small- and medium-sized direct exporters, we find that decentralization in decision making, export market orientation, information exchange and export market dynamism have a significant influence on exporting firms' degree of innovativeness. Furthermore, export innovativeness has a significant positive effect on export performance. Several theoretical and managerial implications are derived from these findings. Directions for future research are also provided.

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1. Introduction

During the past 50 years, numerous studies have been published on the determinants of export performance (Chen, Sousa, & Hinming, 2016; Katsikeas, Leonidou, & Morgan, 2000; Leonidou, Katsikeas, & Samiee, 2002; Zou & Stan, 1998). The significant contribution of exporting to world gross domestic product (nearly 30% in 2015 according to World Bank statistics) and the popularity of exporting as a mode of international market entry (especially among small- and medium-sized firms) have spurred a substantial number of studies aiming at identifying the factors responsible for export success (Leonidou et al., 2002). Early studies in this area focused on the influence of environmental factors and firm characteristics (Aaby & Slater, 1989; Madsen, 1989). During the 1990s researchers' attention was directed towards investigating the antecedents and performance outcomes of export strategy (Aulakh, Kotabe, & Teegen, 2000; Cavusgil & Zou, 1994), whereas more recent studies emphasize the role of firm export-related resources and capabilities (Morgan, Katsikeas, & Vorhies, 2012; Murray, Gao, & Kotabe, 2011).

Despite the large number of determinants of export performance investigated in previous studies (Chen, Sousa, & Hinming,

2016; Zou & Stan, 1998) a review of the exporting literature reveals that limited research attention has been devoted on the role of export innovativeness (Boso, Story, Cadogan, Micevski, & Kadić-Maglajlić, 2013). This scarcity of knowledge represents an important research gap, considering the crucial role that exporting can play for the survival and growth of firms, particularly small- and medium-sized ones, and the potential positive contribution of innovativeness to export success. In recent years, the concept of innovativeness and its relationship with other organizational variables has attracted attention in several business disciplines (Joshi, Das, & Mouri, 2015). Furthermore, the wide recognition that innovativeness is related to enhanced business performance has spurred a large volume of research that examines the factors that stimulate firm innovativeness, the innovation process, and the chain of effects that link innovativeness to performance (Hult, Hurley, & Knight, 2004; Menguc & Auh, 2010; Zhou, Yim, & Tse, 2005). However, to the best of our knowledge, no previous study has investigated export innovativeness as a strategic orientation that favors and encourages the adoption of new ideas, accepts and stimulates novel approaches to export market needs, and challenges current practices and assumptions.

A review of the pertinent literature reveals a number of different but highly consistent definitions of *innovativeness*. Hurley and Hult (1998, p. 44) state that “innovativeness is the notion of openness to new ideas as an aspect of a firm's culture”. Auh & Menguc (2005, p. 250) view innovativeness as “an organization's

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inclination to engage in innovative behaviors". Furthermore, Rubera & Kirca (2012, p. 130) define innovativeness as "a firm's receptivity and inclination to adopt new ideas that lead to the development and launch of new products". Drawing on Lumpkin and Dess (1996), Joshi et al. (2015) define innovativeness as "an organization's proclivity to engage in and support new ideas, creativity, novelty, and experimentation that may lead to new products, services, and processes". The common theme in these definitions is that innovativeness does not relate to specific innovations (like for example the introduction of a new product or service) but reflects a firm's positive predisposition towards developing and introducing innovations on a continual basis. Thus, innovativeness is viewed by some researchers as a business orientation, or a valuable firm capability, that is embedded in an organization's culture (Hurley and Hult, 1998; Luk et al., 2008). Deshpandé and Webster (1989, p. 4) define organizational culture as the "pattern of shared values and beliefs that help individuals understand organizational functioning and thus provide them with the norms for behavior in the organization".

As an aspect of an organization's culture, innovativeness is deeply rooted in a set of relevant values and norms. Furthermore, innovativeness is a socially complex capability which is not easily transferable or imitable by other firms (Menguc & Auh, 2006), and therefore can serve as a source of sustainable competitive advantage (Hult et al., 2004). Innovativeness is likely to affect product innovation through the firm's capacity to innovate (Augusto & Coelho, 2009). However, unlike innovation, innovativeness is not an end but a means to an end (Menguc & Auh, 2006). Along the same lines, Sigauw et al. (2006, p. 557) underscore the role of innovativeness by arguing that "a firm's long-term success may rely more on an overall firm-level innovation orientation that produces capabilities that spawn innovations and less on specific innovations".

On the basis of the preceding discussion, we define *export innovativeness* as an exporting firm's inclination to adopt new ideas that lead to the development of new export-related business processes and products that enable the firm to achieve competitive advantages and superior performance in export markets. In concert with the resource based view theory (RBV) export innovativeness is considered as a critical export marketing capability (Boso et al., 2013) that contributes to international business success (Calantone, Kim, Schmidt, & Cavusgil, 2006). Through innovativeness, exporting firms can devise solutions to export-related problems and challenges, which provide the basis for the survival and success of the exporting firm in the future (Hult, Hurley et al., 2004).

Innovativeness is particularly important for exporting firms, for a variety of reasons. First, these firms face intense global competition, which significantly shortens product life cycles and eliminates existing competitive advantages. Second, the international business environment is becoming increasingly complex and turbulent. Third, the environmental and market conditions that prevail across different country-markets are highly heterogeneous. Fourth, exporting firms can leverage their innovations by exploiting business opportunities that may exist in different export-markets (Hortinha, Lages, & Lages, 2011; Knight & Cavusgil, 2004). Innovativeness can help exporting firms to stay ahead of competition by: (i) facilitating the development of new products and services that satisfy the diverse and changing needs and preferences of export customers; (ii) introducing innovative technologies; and (iii) streamlining relevant operational processes. Thus, it is an issue of utmost importance for exporting firms to strengthen their degree of innovativeness. Recent empirical evidence suggests that lack of innovative activities serves as an obstacle to export success and business development (Uner, Kocak, Cavusgil, & Cavusgil, 2013).

In light of the above, the main objective of this study is to develop and empirically test a comprehensive conceptual model of the antecedents and performance outcomes of export innovativeness. We contribute to the extant export marketing literature by investigating the influence of three sets of antecedent factors (i.e., organizational, strategic, and environmental factors) on a firm's inclination towards export innovativeness, and assessing the impact of export innovativeness on export performance. The identification of the factors that determine an exporting firm's degree of innovativeness is crucially important since as Joshi, Das, & Mouri (2015, p. 368) state "it is imperative that for a firm to be innovative, it must recognize the factors contributing towards its innovativeness". We also contribute to the literature by demonstrating that as a valuable firm capability, innovativeness empowers an exporting firm to adopt a dynamic business model that allows the constant adaptation to environmental and market changes and keeps it always ahead of competition.

The rest of the article is organized as follows. The next section outlines the conceptual framework of the study and develops research hypotheses. Next, the research methodology is described and the results of statistical analysis are presented. The article concludes by discussing key findings and implications, addressing study limitations and identifying future research avenues.

2. Theoretical framework and research hypotheses

2.1. Theoretical background

A crucial question that researchers have been trying to answer for nearly five decades concerns the drivers of export performance (e.g., Cavusgil & Zou, 1994; Morgan, Kaleka, & Katsikeas, 2004; Murray et al., 2011). The considerable interest in this research area has resulted in a steady stream of publications and the development of a substantial body of knowledge that provides valuable insights and guidance to practicing managers responsible for designing and implementing effective export strategies and programs. Over the years, significant progress has also been achieved in terms of the theoretical development and methodological rigor of export-related studies. In terms of theory in particular, whereas early studies on exporting have been criticized for being atheoretic, more recent studies devoted significant attention to strengthening the theoretical foundation of export performance research, legitimizing the academic inquiry in the field of exporting (Chen et al., 2016). The most prominent theories used in previous studies are contingency theory and the related industrial organization (IO) framework (e.g., Cavusgil & Zou, 1994), and the resource-based view of the firm (RBV), along with its capabilities extension (Morgan et al., 2004; Murray et al., 2011). The conceptual model proposed in this study is based mostly on contingency theory, although it also includes elements of the RBV.

Contingency theory holds that an organization can achieve its objectives in many different ways, but that each way may not be equally effective under all conditions (Ginsberg & Venkatraman, 1985). Thus, depending upon the situation, some ways of achieving organizational objectives may be more effective than others (Zeithalm, 1988). Contingency theory involves three types of variables: *contingency variables* that represent situational characteristics faced by the organization and its managers; *response variables* that represent the actions taken by managers in response to current and anticipated contingency factors; and *performance variables* that represent various dimensions of organizational effectiveness (Zeithalm, 1988). In concurrence with contingency theory, the conceptual model proposed in this study (Fig. 1) considers export innovativeness as a strategic response of exporting firms to the interplay of three sets of antecedent

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