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Explaining Organizational Export Performance by Single and Combined International Business Competencies

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This study explores relationships between export performance and international business competencies (international orientation, export market orientation and international entrepreneurial orientation), and interactions between the competencies. Data from on-site structured interviews with 159 owners and managers of exporting firms from different economic sectors show direct relationships between the competencies and export performance. However, analyses of the effects of interactions between the competencies and export performance show mixed results. The findings suggest developing the identified competencies to increase export performance, but if this would be exclusively based on the direct relationships between the competencies and export performance, results may be suboptimal.

Introduction

A recurrent issue in international business research is the investigation of factors that can help explain observed differences in international performance and more specifically, in export performance (EP) (Knight and Kim 2009; Sousa, Martínez-López, and Coelho 2008). Recent studies point to international business competence (IBC) as important predictors of firm's successful EP (Covin and Miller 2014; Gerschewski, Rose, and Lindsay 2015). According to Knight and Kim (2009), IBC refers to overarching intangible firm resources from which firms' competitive advantages emerge in international markets. According to this definition, IBC encompasses key firm characteristics or factors expected to collectively enhance EP (Hutzschenreuter, Kleindienst, and Lange 2016; Shavazi et al. 2015). This suggests that for effective EP, firms need to identify, prioritize, and develop appropriate sets of IBC necessary for their internationalization activities (Knight and Kim 2009).

Numerous forms of IBC underpinning a firm's EP have been identified in literature (Knight and Kim 2009). Recent empirical studies underscore the importance of three specific IBCs, namely international orientation (IO) (Moen, Heggeseth, and Lome 2016; Sørensen and Madsen 2012) export market orientation (EMO) (Shavazi et al. 2015),

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and international entrepreneurial orientation (IEO) (Deligianni et al. 2016; Gerschewski, Rose, and Lindsay 2015). Sørensen and Madsen (2012) claim that possession of such competencies guide a firm's strategic actions toward exporting and subsequently to successful performance in international markets. These competencies are said to be particularly important for firms lacking tangible resources to build up advanced technologies, to produce superior products for highly competitive international markets—oftentimes small and medium-sized enterprises (SMEs) (Felzensztein et al. 2015; Knight and Kim 2009; Kuivalainen et al. 2010) as well as those firms exporting from developing countries (Boso, Cadogan, and Story 2012). Due to their limitation in tangible resources, such firms cannot compete with larger competitors for price, but use IO, EMO, and IEO as their most competitively valuable resources (Knight and Kim 2009). In line with this, an exploratory study conducted in Ethiopia revealed that Ethiopian exporting firms lack substantial physical, financial, and human resources; consequently, such firms have much to gain by nurturing intangible resources comprising IO, EMO, and IEO (Birru 2016). For instance, one Ethiopian firm expressed this as follows:

> *Since we have limited physical and financial resources, we highly depend on our entrepreneurial and market-oriented capabilities to stay competitive in the export market.*

The research questions guiding the conduct of this study are: (1) To what extent are IO, EMO, and IEO related to EP in Ethiopian context? and (2) To what extent and in what ways do these IBCs interact in realizing EP? The study contributes in two ways to the existing firms' internationalization literature. First, notwithstanding that previous studies generally confirm the positive impact of IO, EMO, and IEO on firms' EP, such studies are characterized by fragmentation and diversity in that they mainly concentrate on the role of one particular competence and its direct relationships with performance outcomes (Knight and Kim 2009; Murray, Gao, and Kotabe 2011; Shavazi et al. 2015). While a limited number of studies explored two or more of these competencies simultaneously, they still focused on the differential effects of each and have largely ignored their interactions (Knight and Kim 2009). In line with competence-based strategic management theory (Sanchez and Heene 2004), competencies are interdependent and likely to interact to influence the firm's performance. Consequently, identifying and specifying interaction effects pertaining to relations between different IBCs and EP provide more detailed predictions about the relationships, going beyond the simplistic argument (Sørensen and Madsen 2012). By investigating both the individual and interactive effects of IO, EMO, and IEO on firms' EP, we attempt to address this gap in the literature.

Second, despite the particular importance of export for firms operating within developing economies (Ibeh 2003), extant research on IBCs and associated factors are based on Western and advanced economies' datasets. These are places where there are economically developed markets, good local business conditions, and greater resource availability. Conversely, there is less research investigating the increasing role of these competencies in the developing economies contexts that are characterized by mostly SMEs, poor local business conditions, resource scarcity, and little international experience (Alvi 2012; Boso, Cadogan, and Story 2012). Consequently, it remains to be determined whether the findings that apply to developed economies, also applies to exporting firms in developing economies, given the prevailing differences in contextual variables important for IBC identification, definition, development and assessment between advanced and developing economies (Boso, Cadogan, and Story 2012). By focusing on export manufacturing firms in a developing country context, Ethiopia, our study seeks to extend knowledge about a category of firms that deserve more research attention.

From a practical perspective, the contribution of the study is straightforward. Firms' survival and expansion is strongly dependent on a better understanding of the determinants that influence their EP (Sousa, Martínez-López, and Coelho 2008). Thus, the results of this study will serve to guide business practitioners concerning conditions under which they should invest in the development of strategic resources such as IO, EMO, and IEO. Furthermore, it will also serve policy makers in developing national export promotion programs.

Theoretical Background and Research Hypotheses

Internationalizing firms may possess specific resources that are instrumental to the conception and implementation of activities in international markets with unfamiliar institutional

contexts (Peng, Wang, and Jiang 2008; Scott 2008). Although these firms lack substantial tangible resources, they likely have to leverage a collection of more fundamental intangible resources that facilitate their international success by enabling them produce value-added offerings for given markets (Baker and Nelson 2005; Lampel, Honig, and Drori 2014). The resources consist largely of international business competencies that are embedded in the firm's structure, processes, and interpersonal and intergroup relationships (Knight and Kim 2009; Prahalad and Hamel 1990). As firms' strategic resources, IBCs provide the owning internationalizing firms with substantial competitive advantages by facilitating foreign market entry and operations and eventual successful performance in international markets (Knight and Kim 2009; Kuivalainen et al. 2010).

Embeddedness theory (Granovetter 1985) suggests that economic actions of individuals and firms do not happen independent of the social and institutional environments. Consistent with this perspective, a major claim made by current competence theory (Le Deist and Winterton 2005; Mulder 2014) is that the meaning of competence is embedded in specific contexts. These theoretical underpinnings seem to suggest on the one hand that the integrated set of a firm's resources and capabilities that are prerequisite for effective performance dynamically emerges from the context in which it is applied (Mulder 2014), and on the other hand that social and institutional environments affect how such resources and capabilities influence a firm's performance (Dacin, Ventresca, and Beal 1999; Okhmatovskiy 2010). These views were relentlessly upheld by international business studies that assert that social and institutional environments can significantly shape a firm's selection and allocation of its strategic resources and capabilities, as well as seriously affect its performance in international markets (Peng, Wang, and Jiang 2008). For instance, Li, Sun, and Liu (2006) show that institutional factors, like government interference, have a detrimental impact on a firm's incentive to be market-oriented. On the other hand, Zhou, Wu, and Luo (2007) pointed out that different components of market orientation have divergent effects on EP for firms in different social and institutional contexts. Wang et al. (2012) also identified that the development of entrepreneurial-oriented competencies toward internationalization is dependent on the institutional context in which the firm operates. In the same manner, a country's export policy and the support it provides may have impact on a firm's motivation to engage in export and the amount of information it will gather (Czinkota and Ronkainen 2007; Shamsuddoha, Ali, and Ndubisi 2009). These generally suggest that the potential use—and thus the strategic value of each set of IBC—to a large degree depends on the specific context in which each company operates and the effects of domestic and international contextual factors on it (Knight and Kim 2009; Lisboa, Skarmeas, and Lages 2011).

Below, we explore the logic underpinning IBCs such as IO, EMO, and IEO as firm-specific strategic resources and hypothesize their direct positive impact on EP.

IO refers to top management's favorable attitude toward and willingness to deploy necessary resources to internationalization efforts (Cadogan et al. 2005; Knight and Cavusgil 2004). It chiefly concerns the degree to which managers see the world as their market place as well as their motivation to deal with international customers and partners. Consequently, top management employs a clear commitment of resources and develops an organizational culture that motivates employees' behavior in the direction of international activities (Knight and Cavusgil 2004; Sørensen and Madsen 2012). Furthermore, as a fundamental corporate posture, IO determines the boundaries of the firm's international opportunities, the way the firm configures its operations, selects the scale and scope of its operations, and assembles and allocates its various tangible and intangible resources in international markets; and consequently adds to the firm's performance advantage (Knight and Kim 2009; Zahra, Korri, and Yu 2005). We, accordingly, hypothesize that:

H1: IO has a positive relationship with (1) financial EP and (2) strategic EP.

The behaviors of consumers and competitors in different export markets are diverse and dynamic (Leonidou, Katsikeas, and Samiee 2002) and export environment is frequently in flux (McDougall, Oviatt, and Shrader 2003). This calls for exporting firms to adopt a market-oriented strategy in their export activities (Cadogan, Kuivalainen, and Sundqvist 2009). EMO represents firms' competence to recognize and respond to changes in export customers' needs and preferences, and to export

competitors' strategies (Murray, Gao, and Kotabe 2011; Shavazi et al. 2015). This competence is usually manifested as an operative export marketing capability of the firm, which facilitates generating and disseminating export market information and swift coordinated action (Lages, Silva, and Styles 2009). This means that export market-oriented firms possess capabilities necessary to gather and evaluate information in a systematic manner, about current and future needs and wants of customers, the plans and capabilities of competitors as well as the changing nature of the business environment (He and Wei 2011). Consequently, firms with more developed EMO offer well-tailored products whose value is perceived by buyers to exceed the expected value of alternative offerings; thus, consistently they achieve higher market place performance (Cadogan, Kuivalainen, and Sundqvist 2009; He and Wei 2011). We, accordingly, hypothesize that:

H2: EMO has a positive relationship with (1) financial EP and (2) strategic EP.

IEO refers to the entrepreneurial conducts of an organization operating across national borders that are reflected in its overall innovativeness, proactiveness, and risk-taking in the pursuit of international markets (Javalgi and Todd 2011; Knight and Cavusgil 2004; Swoboda and Olejnik 2016). Innovativeness reflects an organization's tendency to enter into experimentation, support new ideas and depart from established practices. It embraces generating new products, processes, and organizational systems that set the company apart from its rivals as it expands its international operations (Li, Wei, and Liu 2010). Proactiveness describes the characteristics of entrepreneurial actions to anticipate future opportunities in the international markets, both in terms of products and technologies and in terms of markets and consumer demand (Baker and Sinkula 2009; Li, Wei, and Liu 2010). Risk-taking deals with tendencies in taking bold action, such as entering new foreign markets (Baker and Sinkula 2009). It has generally been argued that organizations acting in risk-taking, innovative, and proactive manner are better able to adjust their operations in dynamic competitive environments (Covin and Slevin 1989). In accordance with this view, entrepreneurially oriented exporters possess important strategic capabilities that enable them to differentiate themselves from export competitors by taking calculated risks to proactively introduce new and innovative products and enter new markets (McDougall, Oviatt, and Shrader 2003; Shavazi et al. 2015). Furthermore, organizations that have this competence tend to explore new and creative ideas that may lead to changes in the marketplace, and do so proactively ahead of the competition in anticipation of future demand. In a nutshell, IEO represents important firm-specific resources that positively affects the performance of organizations in export by promoting the renewal of existing practices and the pursuit of new export opportunities (Gerschewski, Rose, and Lindsay 2015; Javalgi and Todd 2011). Therefore, we hypothesize that:

H3: IEO has a positive relationship with (1) financial EP and (2) strategic EP.

Competence-based strategic management theory (Sanchez and Heene 2004) posits that competencies possessed by the firm are interrelated and applied in an integrated manner. In line with this theory, the resource-based view (RBV) and its recent extension, so-called 'dynamic capabilities view, of the firm have also recently made significant headway in explaining interdependence of organizational resources and capabilities. Extant research in this area accentuates that in a dynamic market environment, firms' resources are interrelated and depend on each other to create and sustain a competitive advantage to the firm (King, Slotegraaf, and Kesner 2008; Tanriverdi and Venkatraman 2005). Furthermore, studies pointed out that the relationship between different resources of the firm could have additive, substitutive, or synergistic effects on its performance (Delery 1998). An *additive effect* exists when if using different resources together, they generate greater effects on an outcome than if they were used alone, but the effects of using them together are not more than the sum of their individual effects. A *substitutive effect* exists when using different resources together does not have a greater impact compared to their individual effects. Last, a *synergistic effect* exists if different resources work together interdependently, such that the effectiveness of one resource depends on the other. In this study, we argue that firms' strategic resources such as IO, EMO, and IEO are complementary competencies that, when bundled together, enhance one another's performance impact (Baker and Sinkula 2009;

Sørensen and Madsen 2012). Hence, in addition to their individual contribution, we postulate three synergistic effects of these competencies on firms' export market performance.

IO and EMO are factors involved in a firm's motivation to internationalize and its export market-oriented activities. While individually contribute to firms' export market success via different mechanisms in the organization, they are complementary strategic resources and thus exhibit positive interaction effects on the firm's EP (Miocevic and Crnjak-Karanovic 2011; Sørensen and Madsen 2012). An EMO is crucial for creation and utilization of foreign market knowledge (Slater, Olson, and Sørensen 2012). In other words, while being highly internationally oriented and deployment of resources for international activities generally drive export market success, higher levels of a firm's ability to gather, disseminate and react to export market information and develop marketing strategies will make internationally oriented behaviors and activities even more successful (Slater, Olson, and Sørensen 2012; Sørensen and Madsen 2012). Accordingly, we hypothesize that:

H4: The positive relationship between IO and (1) financial EP and (2) strategic EP is strengthened for higher values of EMO.

EMO and IEO are both important to satisfy expressed and latent customer needs, pursue market expansions as they are identified, and capitalize on emerging opportunities (Boso, Cadogan, and Story 2012). Additionally, we argue that the combined use of EMO and IEO has a synergetic effect and that the two strategic resources actually complement each other. Previous research shows marketing knowledge and information is often crucial for the entrepreneurial process, shaping the entrepreneurial behavior (Bhuian, Menguc, and Bell 2005; Liu, Luo, and Shi 2002; Luo, Sivakumar, and Liu 2005). Indeed, empirical studies have found that firms that scored high on market orientation often tended to be more entrepreneurial-oriented, and that firms that adopted both market orientation and entrepreneurial orientation achieved superior performance (Atuahene-Gima and Ko 2001; Bhuian, Menguc, and Bell 2005). Accordingly, we argue that foreign market knowledge and information obtained through export market-oriented activities support the international entrepreneurial behavior of the firm, and together, leads to higher marketplace performance (Cadogan, Kuivalainen, and Sundqvist 2009). In other words, a high degree of ability to gather, disseminate and react to export market information would mean that international entrepreneurial-oriented exporters would take risks in an environment with better knowledge of markets and the likely response of customers and competitors to market offerings (Baker and Sinkula 2009; Boso, Cadogan, and Story 2012). Accordingly, we hypothesize that:

H5: The positive relationship between IEO and (1) financial EP and (2) strategic EP is strengthened for higher values of EMO.

Previous research also highlights the existence of a synergistic interaction relationship between the development of international entrepreneurial-orientated capabilities and management's favorable attitude toward and willingness to deploy necessary resources to internationalization efforts (Ripollés-Meliá, Menguzzato-Boulard, and Sánchez-Peinado 2007). Specifically, having an IEO in a multitude of diverse international markets supports a firm's international intent allowing it to be more capable and willing to pursue international opportunities (Cadogan et al. 2005; Knight and Cavusgil 2004). A high level of entrepreneurs'/managers' motivations to internationalize their firms' operations also determines the strategic choices that the firm makes regarding its international entrepreneurial activities (Zahra, Korri, and Yu 2005). We then hypothesize that:

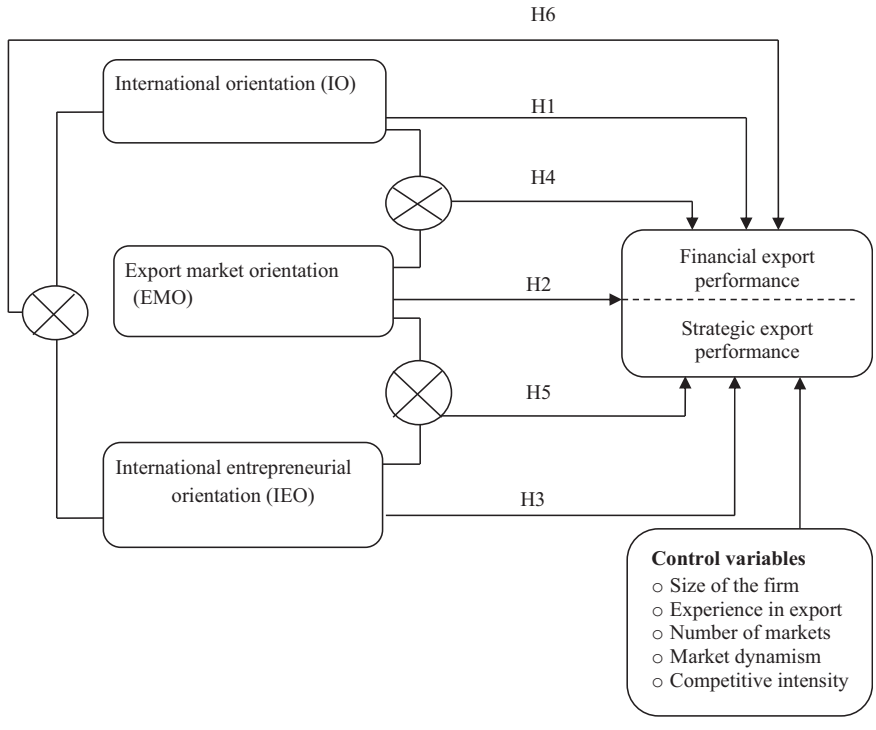
H6: The positive relationship between IO and (1) financial EP and (2) strategic EP is strengthened for higher values of IEO (Figure 1).

Methodology

Sample

The data for this study were collected from exporting manufacturing firms in Ethiopia, a developing country going through political, economic, social, and technological transitions and has recorded remarkable economic growth and expansion in exports by focusing on the manufacturing industry. Due to the growing prominence of emerging economies such as Brazil, Russia, India, China, and South Africa on the global economic stage, they get all the attention and are heavily researched (Birru 2016; Boso, Cadogan, and Story 2012). Conversely, the

Figure 1
Conceptualized Model



relatively underdeveloped institutional contexts of developing countries such as Ethiopia have not been researched adequately. Thus, more study and data are needed from the contexts of developing markets in order to broaden contribution to knowledge (Alvi 2012; Boso, Cadogan, and Story 2012). Furthermore, we argue that the single case study of Ethiopia can be a representative of other developing countries given the prevailing similarities existing among a large number of developing countries in terms of factors important for exporting, such as complex regulatory system and underdeveloped institutions and structures supporting international operations, just to mention some among many others (Boso, Cadogan, and Story 2012; Global Entrepreneurship Monitor 2014).

A list of exporters was generated using an export directory provided by the Ethiopian Chamber of Commerce and Sectoral Association. We used a multi-industry sample (textile and garment; leather and leather products; and agro processing) to increase observed variance and to strengthen the generalizability of the results, thereby improving the external validity of the research (Morgan, Kaleka, and Katsikeas 2004). Service firms and those engaged in primary industries were excluded due to their idiosyncratic characteristics in terms of international expansion, regulatory requirements, and performance characteristics (Zou and Cavusgil 2002). In addition, multinational corporations were excluded from the sample because their export is generally done via their overseas affiliates. Subsequently, we found 218 eligible firms for this study. We contacted each firm by telephone to explain the purpose of the study, requested their participation; and identified key informants who had knowledge of, and access to, the type of data needed for the study. Fifty-nine firms were dropped from our contact list for several reasons. Either they were unwilling to participate, key individuals who could provide the required information were not available, or the firm was no longer dealing in the exporting business.

The average size of the participating firms was about 127 employees. Among the sampled firms, 37.7 percent had below 50 employees,

29.6 percent had 50–100 employees, and 32.7 percent had above 100 employees. Whether the firm is characterized as "small," "medium," or "large" is not straightforward and depends on the industry in which it competes. However, it is reasonable to argue that in an Ethiopian context, some of the firms in the sample, particularly those that exceed 100 employees, are considered large firms. The weight of the sample skews toward SMEs, as this category constitutes 67.3 percent of the total sample.

Data Collection

The survey was conducted via face-to-face interviews with owners and senior managers, who were either in charge of exporting, or other types of international business activities for their respective firms. Given the relatively small population sizes of the study, this data collection method was opted to increase the response rate, mainly because many previous studies have recognized low response rate as one of the major problems of mail surveys (Singh and Mahmood 2013). In order to minimize any potential common method variance, we ensured that the order of questions asked was mixed, and reverse-coded items were included. On top of this, we assured participants they remained anonymous, that there was no right or wrong answers, and that they were requested to answer as honestly as possible (Chang, van Witteloostuijn, and Lorraine 2010).

Instrument Developments

We developed our research instrument by first sourcing relevant scales in the literature and then refining them to the study context through circulating among experts, thereby increasing the content validity of the research instrument, followed by pretesting. Two academicians with extensive knowledge of questionnaire construction and research in international marketing, as well as three export managers with practical knowledge on international business activities in Ethiopia, served as expert judges and scrutinized the initial questionnaire and measures. Their suggestions led to exclusion of seven items considered irrelevant for Ethiopian exporting firms. Next, the revised questionnaire was tested among 12 exporting firms in order to assure the items were clear and interpreted in the way they were intended. The items were entered into an exploratory factor analysis (EFA) using principal axis factoring with oblique rotation (direct oblimin), as we had anticipated a high inter-correlation between factors, followed by Cronbach's alpha reliability testing (see Appendix 1).

For all the constructs in our study—with the exception of firm size and experience in export—we measured all the items using a seven-point Likert scale. In addition, in view that firm-specific advantages are derived from the firm's total learning process (Sousa, Martínez-López, and Coelho 2008), the business firm was used as the unit of analysis for all construct measures.

EP was measured by means of four items that measure financial benchmarks (such as export sales, export growth, export market share, and export profit), and six items that measure the extent to which a firm's strategic objectives of exporting are achieved (Cavusgil and Zou 1994). EFA showed that the financial-related items load on a different factor than the strategic-related items, indicating two empirically separated constructs. Both constructs of the dependent variables explained 72.6 percent of the total variance and received a Cronbach's Alpha reliability of 0.92 and 0.93, respectively.

To measure IO, we used four items adopted from Knight and Kim (2009). The scale's reliability was high (Cronbach's alpha = 0.89). For EMO, a total of 13 items—adopted from Murray, Gao, and Kotabe (2011) and Racela, Chaikittisilpa, and Thoumrungroje (2007)—were used on three different dimensions, namely the gathering of export market intelligence, dissemination, and responsiveness. To determine the minimum number of items that adequately assess EMO, we selected eight items loading greater or equal to 0.60, which were aggregated with Cronbach's alpha reliability coefficient of 0.93. Drawing on Lumpkin and Dess (1996), IEO is operationalized to comprise export innovativeness, export proactiveness, and export risk-taking behavior. Measures of these constructs—12 items in total—are based on Zhou (2007) and Knight and Cavusgil (2004). The composite variable of IEO comprised seven items with factor loading above 0.6 and Cronbach's alpha reliability coefficient 0.95. EFA revealed that these three constructs explained 64.4 percent of the total variance.

In addition to the explanatory variables, four control variables—two organization specific variables such as size and export experience of the firm, and two environmental variables, such as export market dynamism and competitive intensity, were included (Lisboa, Skarmeas, and

Lages 2011; Zhou 2007). Firm size, measured by the natural logarithm of the number of full-time employees, was used to control for the potential effect of scale economy differences (Hultman, Katsikeas, and Robson 2011). Export experience was measured by the natural logarithm of the number of years since the first exporting activity. This, to control for extra resources and capabilities that firms that have been exporting for a longer time might possess, and the number of markets in which the firm has regular exporting activities to control for the effects of operating across a range of markets (Hultman, Katsikeas, and Robson 2011; Lisboa, Skarmeas, and Lages 2011). Market dynamism (four items) measures the rate of change of the composition and preferences of customers. Competitive intensity—five items—measures the degree of competition that is reflected in the number of competitors and the frequency and intensity of using certain marketing techniques. EFA showed that market dynamism items load on a different factor than the competitive intensity items, indicating two separate constructs, explaining 57.0 percent of the total variance. Both composite variables received a Cronbach's alpha reliability of 0.88 and 0.86, respectively.

Analysis

We tested our conceptual framework for each dependent variable separately using hierarchical Moderated Multiple Regression using SPSS version 22. Mean score of the items representing each construct was used in the regression analysis. Overall, we estimated a total of six main and interaction effects, reflecting the prediction of financial and strategic EP from the three competencies and their interplay.

Results

Table 1 shows the means, standard deviations, and correlations of all the used variables. Relatively strong correlations were observed among explanatory variables. To alleviate concerns about multicollinearity in our regression analyses, we mean centered relevant variables before creating their interaction terms (Aiken and West 1991). For each coefficient across all the models presented, the highest variance inflation factors (VIFs) was 2.695. To address the common method bias concern associated with the survey research method, we conducted Harman's one-factor test (Chang, van Witteloostuijn, and Lorraine 2010). We run an un-rotated EFA of

Table 1
Correlation Matrix and Descriptive Statistics

	Mean	S.D.	1	2	3	4	5	6	7	8	9	10
1. Firm Size (Log of Employees)	4.39	0.87	1									
2. Log of Number of Years	1.82	0.57	−0.089	1								
3. Number of Markets	3.84	1.84	0.045	0.388**	1							
4. Export Market Dynamism	4.53	1.05	0.051	−0.043	0.022	1						
5. Competitive Intensity	5.15	0.91	0.053	−0.101	−0.021	0.291**	1					
6. International Orientation	3.97	1.14	0.103	0.398**	0.370**	0.000	−0.005	1				
7. Export Market Orientation	4.41	1.11	0.121	0.509**	0.310**	−0.066	−0.038	0.531**	1			
8. International Entrepreneurial	4.11	1.21	0.219**	0.485**	0.385**	−0.181*	−0.077	0.536**	0.672**	1		
9. Financial Export Performance	3.46	1.29	−0.019	0.518**	0.285**	−0.024	−0.048	0.297**	0.473**	0.460**	1	
10. Strategic Export Performance	4.48	1.29	0.181*	0.475**	0.435**	−0.094	−0.008	0.576**	0.698**	0.761**	0.464**	1

*$p < .05$, **$p < .01$ (two-tailed).

all items selected for the model by constraining the number of factors to one. The single factor solution explained 40.32 percent of the variance in the data. An unconstrained, obliquely rotated EFA resulted in a seven-factor solution explaining 69.1 percent of the data variance. With all items loaded substantially and significantly onto their theoretical constructs, the first factor explained only 19.5 percent of the variance. The results generally indicate that neither multicollinearity nor common method variance were pervasive issues.

Table 2 summarizes the results of the regression analyses. Model 1 investigated the influence of the control variables on our dependent variables, financial and strategic EP. The regressions were significant ($p < .001$) for both EP dimensions. While firm size was positively related to strategic EP ($\beta = 0.205$, $p < .01$), the number of years the firm had been in the export business was positively related to both financial and strategic EP ($\beta = 0.483$, $p < .001$ and $\beta = 0.386$, $p < .001$, respectively). The number of markets in which the firm had regular exporting activities had a positive relationship with strategic EP ($\beta = 0.280$, $p < .001$). Export market dynamism and competitive intensity were not significantly related to both financial and strategic EP.

Model 2 investigated the direct effects of single competencies. The increase in explained variance for financial EP was 7.8 percent ($p < .001$) and 32.4 percent ($p < .001$) for strategic EP when competencies were added to the model. Five out of six regression parameters are in the expected direction and statistically significant. Our first hypothesis (H1), in which we expected a positive relationship between IO and EP, could be partially supported. That is, IO was positively related to strategic EP ($\beta = 0.136$, $p < .05$), however unrelated to financial EP. The estimated coefficients for EMO on financial EP and strategic EP were both positive and significant ($\beta = 0.196$, $p < .001$ and $\beta = 0.278$, $p < .001$, respectively), thereby fully corroborating our second hypothesis (H2). Similarly, fully supporting our third hypothesis (H3), which claimed direct effects of IEO on export market performance, IEO was found to be positively associated with financial EP as well as strategic EP ($\beta = 0.224$, $p < .001$ and $\beta = 0.436$, $p < .001$, respectively).

Two-way interaction terms were added to Model 3 in order to test hypotheses H4, H5, and H6. Only the model for financial EP was significant ($p < .001$) with an increase of explained variance by 13.5 percent. This suggests that the addition of interaction terms make a significant contribution to the explained variance for financial EP only. A three-way interaction among the competencies has also been tested as an additional Model 4. However, this interaction did not suggest a significant change in explained variance for both financial and strategic EP and was therefore not included in this study. For a more specific test of our hypotheses, we conducted simple slope analyses of significant interactions as proposed by Aiken and West (1991).

H4 expected a stronger, positive relationship between IO and export market performance for higher values of EMO. The regression analysis revealed a significant negative interaction effect between the two variables on both financial and strategic EP ($\beta = -0.242$, $p < .05$ and $\beta = -0.150$, $p < .05$, respectively). Simple slope test (Figure 2) disclosed that IO negatively relates to financial EP under the condition of high values of EMO ($b = -0.081$, $p < .05$) and does not relate in case of low values. Conversely, a simple slope test (Figure 3) revealed that IO does not relate to strategic EP for high values of EMO, while positively relates for low values ($b = 0.065$, $p < .05$). The results are contrary to our hypothesis; hence, neither the null nor the alternative hypothesis (H4) is supported.

H5 anticipated that the relationship between IEO and export market performance becomes stronger with higher values of EMO. The regression analysis revealed that the interaction effect between the two variables was positively related to financial EP ($\beta = 0.275$, $p < .001$) and not related to strategic EP. Simple slope test (Figure 4) disclosed that IEO positively relates to financial EP for high values of EMO ($b = 0.062$, $p < .01$) and does not relate for low values. H5 is therefore partially supported.

H6 predicted a stronger, positive relationship between IO and export market performance for higher values of IEO. The regression analysis revealed that the interaction between the two variables was positively related to financial EP ($\beta = 0.275$, $p < .001$) but not related to strategic EP. Simple slope test (Figure 5) shown that IO marginally positively associates to financial EP for higher values of IEO ($b = 0.061$, $p < .10$) and negatively relates for lower values of IEO ($b = -0.095$, $p < .01$). H6 is therefore partially supported.

Table 2
Regression Estimates for Export Market Performance (N = 159)

Variables	Financial Export Performance			Strategic Export Performance		
	Model 1	Model 2	Model 3	Model 1	Model 2	Model 3
Control Variables						
Firm Size (Log of Employees)	0.018	−0.063	−0.157	0.205**	0.033	0.023
Number of Years	0.483***	0.316***	0.307***	0.386***	0.028	0.059
Number of Markets	0.096	0.038	0.062	0.280***	0.120*	0.128*
Export Market Dynamism	0.045	0.098	0.051	−0.111	−0.012	−0.027
Competitive Intensity	−0.011	−0.016	−0.054	0.58	0.044	0.041
Direct Effects						
International Orientation		−0.060	−0.101		0.136*	0.136*
Export market Orientation		0.196*	0.286**		0.278***	0.287***
International Entrepreneurial Orientation		0.224*	0.242*		0.436***	0.402***
Interaction Effects						
International Orientation × Export Market Orientation			−0.242**			−0.150*
International Entrepreneurial Orientation × Export Market Orientation			0.275**			0.009
International Orientation × International Entrepreneurial Orientation			0.310**			0.122
R^2	0.279	0.356	0.491	0.352	0.676	0.687
Adjusted R^2	0.255	0.322	0.453	0.331	0.659	0.664
R^2 Change		0.078**	0.13.5**		0.324***	0.011
F-Value	11.817***	10.381***	12.915***	16.634***	39.209***	29.349***

*$p < .05$, **$p < .01$, ***$p < .001$ (two-tailed).

Figure 2
Interaction Effect of EMO and IO on Financial EP

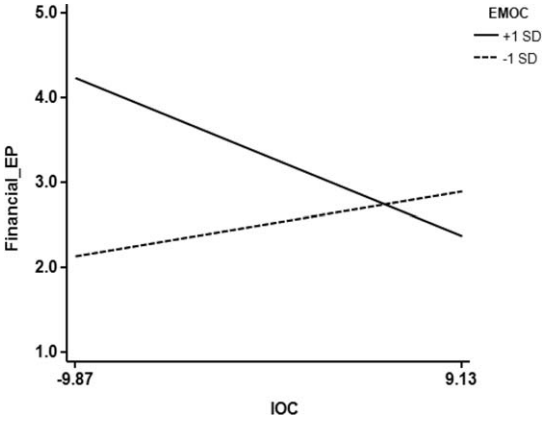
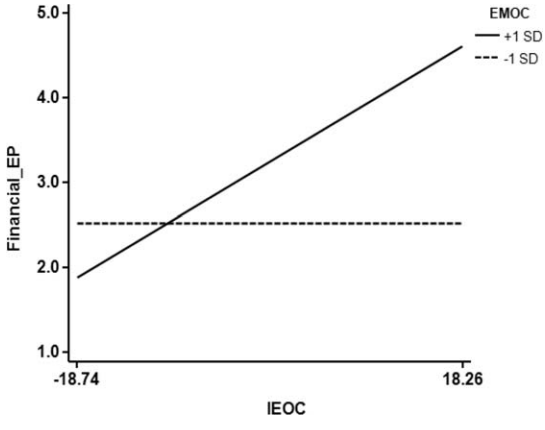


Figure 4
Interaction Effect of IEO and EMO on Financial EP



Discussion

Knight and Kim (2009) direct our attention to assessing the impact of various forms of IBCs that explain observed differences in export market performance among firms. Sørensen and Madsen (2012) point to the importance of investigating the interactive effects of these strategic capabilities to better understand their relation with performance. Boso, Cadogan, and Story (2012) accentuated the importance of assessing the performance impact of such competencies in developing economies datasets in view that contextual variables important for IBC identification, definition, development and utilization differ between advanced and developing economies, and that findings in developed economies may not hold in exporting firms in developing economies. In response to these calls, we examined in this study both the direct and interactive effects of three IBCs, namely IO, EMO, and IEO

Figure 3
Interaction Effect of EMO and IO on Strategic EP

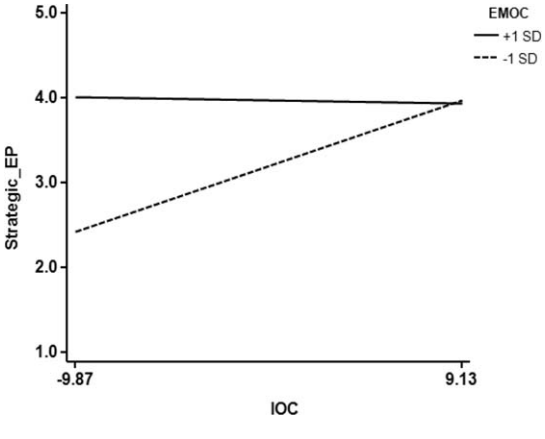
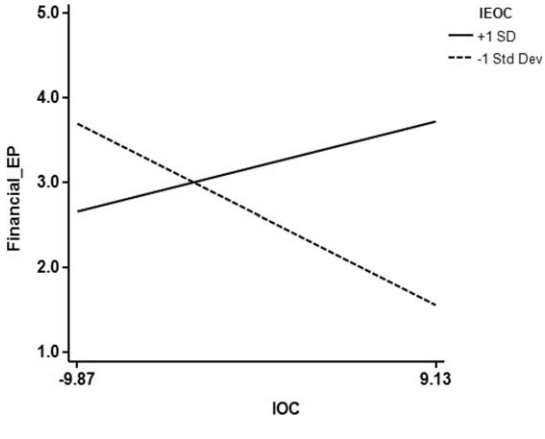


Figure 5
Interaction Effect of IO and IEO on Financial EP



on both financial and strategic-related EP in a developing economy dataset, Ethiopia.

The results indicate that the direct effects of IO, EMO, and IEO on financial and strategic EP—with the exception of IO's nonsignificant effect on financial EP—were in line with our expectations. This means that possession of EMO and IEO has a direct relationship with higher financial and strategic EP, while possession of IO is related only with strategic EP. These results, in many ways, are consistent with previous studies. The discrepancy in the relationship between IO and financial EP, however, conveys important message. That is, despite earlier research efforts' assertion that firms' IO is generally positively related to export market success (Knight and Kim 2009; Sørensen and Madsen 2012), our result highlights that IO can have differential effects on financial and strategic EP when such relationship is examined separately for each dimension.

By contrast, a different story emerged regarding the interactive effects of our focal IBCs. First, as opposed to our hypothesis, we found that the effect of IO on both financial and strategic EP is opposite, depending on the levels of EMO. Earlier studies argued that the full effect of being highly internationally oriented would require intensive knowledge about international markets as well as capabilities to react and make decisions based on such knowledge. This, suggesting the existence of synergistic interaction effect between the two competencies leading to higher EP. In our study, we found this not to be the case. As shown in Figures 2 and 3, our results generally suggest that firms with higher values of EMO achieve higher export market performance when their IO is lower, while vice versa for firms with lower EMO denoting a substitutive relationship between the two competencies (cf. Jiang et al. 2012; Voss, Godfrey, and Seiders 2010). A plausible explanation for this result might be that firms in developing countries have less advanced supportive business institutions and structures and rely to a larger extent on their own market information intelligence in order to overcome the liability of foreignness. Conversely, such firms' export operations are very much constrained by limited resources (Birru 2016). Consequently, they cannot invest in both international-oriented and export market-oriented activities at the same time. For instance, a resource-constrained firm cannot commit its resources for the development of organizational culture that motivates employees' behavior in the direction of international activities, while at the same time investing highly on generating, disseminating, and responding to export market intelligence. Doing so would deplete their already limited resources, ultimately resulting in reduced success in EP. For example, one Ethiopian firm explained the situation as follows:

> *. . . .because of our limited resources, we are not able to invest equally on international-oriented and export market-oriented activities. Oftentimes, costs on generating, disseminating, and responding to export market intelligence depletes our limited resource that would be better invested on other international activities. . . .*

It could also be the case that despite their vision and resource allocations with regard to international activities, most of such firms still serve mainly local markets (Birru 2016); a lot of emphasis on export market-oriented activities does not add as much value as their associated costs. An Ethiopian firm explained this situation as follows:

> *Indeed, currently we have got strategies mostly focused on serving domestic markets than the export market. However, we devote quite a lot of our resources on gathering export market information and competitors' strategy upon which we will base our future export market expansion activities. . . .*

Second, concerning the interactive effect of IEO and EMO, we anticipated that greater levels of EMO act to make the IEO's impact on export market performance substantial in view that export market-oriented activities make firms wiser in their international entrepreneurial decision-making. As shown in Figure 4, the combination of high values of IEO and high values of EMO is positively associated with higher financial EP, while it was vice versa for firms with lower levels of EMO. This means that developing export market-orientated capabilities strengthen the IEO-financial EP relationship. This, in other words, means that when a firm's international entrepreneurial-orientated activities and market-oriented activities are aligned (Boso, Cadogan, and Story 2012); the firm more likely acts on opportunities that the export market-

oriented activities provide it, and consequently achieves a higher financial EP.

Finally, as we expected, we found a synergistic interactive effect of IEO and IO on financial EP, in which IO was found to have a nonsignificant effect individually, but combined with IEO, a significant positive effect (Andersson, Cuervo-Cazurra, and Nielsen 2014). Figure 5 shows that an additional investment on development of international entrepreneurial-oriented capabilities resulted in higher financial EP for firms with higher values of IEO and vice versa for those firms with lower values, indicating that IEO appeared to strengthen the effects of IO. In accordance with our hypothesis, this suggests that an export strategy that involves increased international-oriented activities accompanied by increased international entrepreneurial-oriented capabilities seems to be more effective for manufacturing exporting firms in Ethiopia.

We have also found mixed results concerning the effects of control variables. First, we found that firm size has a negative effect on financial EP suggesting that a relatively firms with lower asset base tend to perform better than their larger counterparts. Second, we found number of years the firm has been in export is positively related to financial performance, while the number of markets in which the firm has regular export activities affects its strategic EP. In sum, this seems to suggest that firms gaining experience and have successfully established themselves in several foreign markets over time are able to perform better (Zhou 2007). Finally, in contrast to the results shown by earlier studies (e.g., Kaleka 2012; Lisboa, Skarmeas, and Lages 2011), the control variable EMD (export market dynamism) was not significant. This might be due to the fact that Ethiopian firms usually export through distributors rather than establish their own sales subsidiaries, and consequently, they believe that preference change of the final users doesn't directly affect their performance. Finally, the negative impact of competitive intensity can be explained by the fact that in highly competitive export market environment, firms cannot fully capitalize on the transparent predictability of their own behaviors by taking risks to proactively act on opportunities to achieve competitive advantage and enhance their performance.

Conclusion, Limitations, and Future Research Direction

This study has sought to contribute to the knowledge base of the relationships among IBC and EP. Consistent with previous studies, our results generally support the notion that IBCs (IO, EMO, and IEO) are instrumental for export market success of firms. However, we found mixed results concerning their interactive effects. The nature of the relationship between IO and export market performance changes as a function of EMO and IEO. Specifically, there is a trade-off between investing scarce time, energy and resources on developing becoming a highly internationally oriented firm or on retrieving and managing export market information. On the other hand, internationally entrepreneurially oriented activity of the firm has synergistic relationship with both competencies.

Our results provide an interesting insight into the limitations of the dominant proposition, which states that having higher levels of intention and motivation to export, accompanied by higher levels of market-oriented activities and a firm's abilities to sense and seize on market opportunities, are undisputed valuable strategic resources for success in export. At least for resource-constrained firms exporting from developing countries, our study suggests to develop the identified competencies to increase EP, but if this would be exclusively based on the direct relationships between the competencies and EP, results may be suboptimal. The results complement Jaworski, Kohli, and Sahay's (2000) and Sigglekow's (2002) suggestions that highly successful firms are those that achieve a balance between their strategic resources. This has important implications for research that attempts to simply report the individual impact of these IBCs. This study shows that ignoring the interactive effects provides an incomplete and simplistic picture of determinants of EP, on the one hand, and an over-generalization of their benefits on the other hand.

Although this study was limited to the context of Ethiopia, the results can be generalized to other countries with similar circumstances. In particular, the findings of this study have important practical implications for exporting firms operating from other developing countries. Despite variations, there exist similarities among a large number of developing countries in terms of variables important for EP (Alvi 2012; Tesfom

and Lutz 2006). First, most developing countries have complex regulatory system and underdeveloped institutions and structures supporting international operations (Bianchi 2010; Boso, Cadogan, and Story 2012; Global Entrepreneurship Monitor 2014; Okhmatovskiy 2010). Second, as opposed to their counterparts in developed economies, exporting firms operating from developing countries are mostly small to medium-sized enterprises that have: a myriad of resource constraints (Boso, Cadogan, and Story 2012; Tesfom and Lutz 2006), little international experience (Gries and Naude 2010), lack of marketing knowledge and information (Tesfom and Lutz 2006), and are heavily dependent on the export of primary commodities (World Bank Group 2014). Third, exporting firms from developing countries often face significant tariff and non-tariff barriers applied to their manufactured exports (Korneliussen and Blasius 2008). Taking these similarities into account, we argue that the results of this study can provide managers, policymakers, and export promotion support organizations in the developing countries concerning focus areas for the improvement of EP.

Notwithstanding their importance, however, the results should be treated with caution due to the cross-sectional nature of the data used in this study. Longitudinal data can offer further insights into the links among IBCs and EP, thus, future researchers might consider design issues on this front. The collection of financial performance data from secondary informants, or the use of secondary data, would help to further alleviate concerns regarding potential biases arising from common method variance. Hence, future research might look into the feasibility of generating information using alternative data sources. Examining the potentially moderating role of external factors (e.g., market dynamism and competitive intensity) in the IBC–EP relationship would also be another promising future research direction.

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Appendix 1: Measurement Scales

Constructs	Reliability	Items	Factor Loading
		Independent Variables	
International Orientation (1 = strongly disagree, 7 = strongly agree)	$\alpha = 0.89$	The prevailing organizational culture at our firm (management's collective value system) is conducive to active exploration of new export opportunities.	0.648
		Management develops human and other resources for achieving our goals in international markets.	0.644
		Top management tends to see the world, instead of just Ethiopia, as our firm's marketplace.	0.569
		Management continuously communicates its mission to succeed in international markets to firm employees.	0.501
Export Market Orientation (1 = strongly disagree, 7 = strongly agree)	$\alpha = 0.93$	We generate a lot of information in order to understand the forces that influence our overseas customers' need and preferences.	−0.934
		In this company, we generate a lot of information concerning trends in our export markets.	−0.911
		We periodically review the likely effect of changes in our export environment.	−0.810
		If a major competitor were to launch an intensive campaign targeted at our foreign customers, we would implement a response immediately.	−0.775
		Information that can influence the way we serve our export customers takes forever to reach export personnel.[a]	0.684
		We rapidly respond to competitive actions that threaten us in our export markets.	−0.679
		Too much information concerning our export competitors is discarded before it reaches decision-makers.[a]	0.663
		When we find out that our export customers are unhappy with the quality of our product, we take corrective action immediately.	−0.631
		We constantly monitor our level of commitment and orientation to serving export customer needs.[b]	
		When we find that our export customers would like us to modify a product, the departments involved make concerted efforts to do so.[b]	

(*Continued*)

Appendix 1: (Continued)

Constructs	Reliability	Items	Factor Loading
		Important information concerning export market trends (regulation, technology) is often discarded as it makes its way along the communication chain.[a,b]	
		Information about our export competitors' activities often reaches relevant personnel too late to be of any use.[a,b]	
		We are quick to respond to significant changes in our competitors' price structures in foreign markets.[b]	
International Entrepreneurial Orientation (1 = strongly disagree, 7 = strongly agree)	$\alpha = 0.95$	Our top management focuses more on opportunities than risks abroad.	0.922
		Our top management actively seeks contact with suppliers or clients in international markets.	0.915
		When confronted with decisions about exporting or other international operations, our top management is always tolerant to potential risks.	0.901
		Our top management values risk-taking opportunities abroad.	0.889
		In the design and manufacture of our product, we employ some of the most skilled specialists in the industry.	0.866
		Our top management continuously searches for new export markets.	0.838
		Over the past 3 years, our firm has marketed very many products in foreign markets.	0.778
		Our top managers have shared vision toward the risks of foreign markets.[b]	
		Compared with local competitors, we're often first to introduce product innovations or new operating approaches in international markets.[b]	
		Our top management always encourages new product ideas or operating approaches for international markets.[b]	
		Our top management regularly monitors the trend of export markets.[b]	
		Our top managers have regularly attended local/foreign trade fairs.[b]	
		Dependent Variables	
Financial Export Performance (1 = strongly disagree, 7 = strongly agree)	$\alpha = 0.92$	We are satisfied with the export turnover achieved through our export activities.	0.958
		We are satisfied with the export growth achieved in recent years.	0.870
		We are satisfied with the export profit achieved through our export activities.	0.819

(*Continued*)

Appendix 1: (Continued)

Constructs	Reliability	Items	Factor Loading
		We are satisfied with the export market share achieved through our export activities.	0.755
Strategic Export Performance (1 = strongly disagree, 7 = strongly agree)	$\alpha = 0.93$	Our firm is better able to build brand awareness by exporting.	0.912
		Exporting has enhanced the relative position of the firm in our home market by making it more competitive.	0.889
		Exporting has helped our firm in gaining access to new technology.	0.867
		Exporting has helped our firm in improving response to competitive pressure.	0.815
		Exporting has contributed to the overall quality of the firm's management.	0.812
		Exporting has helped our firm in reducing market dependency.	0.601
		Control Variables	
Export Market Dynamism (1 = not at all; 7 = to an extreme extent)	$\alpha = 0.88$	Our export customers tend to look for new products all the time.	0.875
		We are witnessing changes in the type of products/services demanded by our export customers.	0.809
		New export customers tend to have product-related needs that are different from those of our existing export customers.	0.786
		Our export customers' product preferences change quite rapidly.	0.781
Competitive Intensity (1 = not at all; 7 = to an extreme extent)	$\alpha = 0.77$	Competition in our export market is cutthroat.	0.765
		Anything that one competitor can offer in our export market, others can match readily.	0.687
		One hears of a new competitive move in our export markets almost every day.	0.671
		Price competition is a hallmark of our export market.	0.550
		There are many "promotion wars" in our export market.	0.535

[1]*Notes*: [a]Reverse-coded item; [b]indicates items that were dropped in the scale purification process.

Appendix 2: Collinearity Statistics

Model		Tolerance	VIF
1	Firm Size (Log of Employees)	0.982	1.019
	Number of Years	0.830	1.205
	Number of Markets	0.842	1.188
	Export Market Dynamism	0.913	1.096
	Competitive Intensity	0.906	1.103
2	Firm Size (Log of Employees)	0.890	1.124
	Number of Years	0.621	1.610
	Number of Markets	0.770	1.298
	Export Market Dynamism	0.863	1.158
	Competitive Intensity	0.905	1.105
	International Orientation	0.625	1.599
	Export Market Orientation	0.475	2.104
	International Entrepreneurial Orientation	0.428	2.336
3	Firm Size (Log of Employees)	0.840	1.191
	Number of Years	0.570	1.754
	Number of Markets	0.765	1.308
	Export Market Dynamism	0.838	1.193
	Competitive Intensity	0.891	1.122
	International Orientation	0.600	1.666
	Export Market Orientation	0.460	2.172
	International Entrepreneurial Orientation	0.371	2.695
	International Orientation × Export Market Orientation	0.456	2.191
	International Entrepreneurial Orientation × Export Market Orientation	0.385	2.601
	International Orientation × International Entrepreneurial Orientation	0.545	1.833