

## Revisiting entrepreneurial capabilities and export market orientation: a multi-scale investigation in an emerging economy

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## **Re-visiting Entrepreneurial Capabilities and Export Market Orientation: A Multi-scale Investigation in an Emerging Economy**

### **Abstract**

**Purpose:** The study aims to bridge entrepreneurial capability, export market orientation and the international performance of international new ventures (INVs). Thus, multi-scale entrepreneurial capabilities have been adopted to provide more profound insights into the early literature on internationalisation. Since little is known about the antecedents of export market orientation, the performance outcome of this is ambiguous. This study aims to enhance knowledge in this pressing research area.

**Design and Methodology:** The sample of this study consists of data (354 firms) from INVs operating in the apparel industry of an emerging economy, namely, Bangladesh. Structural equation modelling has been used to investigate the hypothesised relationships.

**Findings:** For the Deshpande and Farley (1999) scale, the effect of general entrepreneurial capability on intelligence dissemination and responsiveness is positively significant. Similarly, the effects of international entrepreneurial capability on customer orientation, intelligence generation, dissemination, and responsiveness are positively significant. However, general entrepreneurial capability has non-significant effects on customer orientation and intelligence generation. The results also showed that export market orientation positively mediates the relationship between international entrepreneurial capability and firm performance. For Morris and Paul (1987) scale, our hypothesised relationships between capabilities and market orientation are positively significant, and, therefore, support the mediating relationships for both general entrepreneurial capability and international entrepreneurial capability.

**Originality/value:** Merely having capabilities without acknowledging the firm's strategic orientations is not sufficient to secure superior performance. We urge entrepreneurs to capitalise

on their entrepreneurial capabilities to leverage organisation-wide export market-oriented behaviour to achieve superior international performance in emerging economies.

**Keywords:** emerging economy; entrepreneurial capability; export market orientation; export performance; international new ventures.

## **Introduction**

The globalised world has changed the realities of how businesses are operated today. The pace of globalisation, aided by advanced transportation systems, internet and communication technologies, and falling trade barriers between and among countries, has paved the way for foreign market entry for many small companies from day one. International business activity, even its least committed form – exporting – is an entrepreneurial act (Ibeh, 2003), which is initiated by an entrepreneur and hinges upon her entrepreneurial capabilities in the case of small and medium sized enterprise (SMEs). Especially, international new ventures (INVs), which are small in size and young in age, are mainly underpinned by a single entrepreneur or a small team of entrepreneurs (Oviatt and McDougall, 1997). Entrepreneurial capabilities broadly define the start-up, survival and success of such firms. By contrast, large multinationals' (MNEs) activities are performed in a very organised and structured manner, because large departments and teams are involved in entrepreneurial activities, which are known as intrapreneurship. MNE-oriented models and research, therefore, mainly focus on organisational capabilities rather than those of any individual. MNE-based capability theory cannot explain and define the capabilities inherent in the emergence and prevalence of INVs, where entrepreneurs are the main actors and their leadership style is a critical antecedent to market orientation (Harris and Ogbonna, 2011). The compelling forces of globalisation have required firms to become more market-oriented. Market

orientation is much more important than any other type of entrepreneurial strategic orientations (e.g. learning orientation, innovation orientation, technology orientation, etc.), in the sense that all other orientations may be driven by or spring up from market orientation, resulting from customers' changing needs, demands, preferences and priorities. In the case of exporting firms from emerging economies, market orientation is increasingly playing a pivotal role in a firm's market entry, survival and success (Chi and Sun, 2013). Thus, the export market orientation construct was developed, with most research on this topic being undertaken in Western countries.

The first study on the operationalisation of market orientation and its impact on business profitability dates back to 1990 (Narver and Slater, 1990). Since then, a large body of research on the performance implications of market orientation has developed (Kirca et al., 2005; Liao et al. 2011), suggesting that firms with higher market orientation perform better (Kirca, et al., 2005). In line with this field, academic enquiries into the market orientation-performance relationship in the international business context started in the late 1990s (Cadogan, Diamantopoulos, and De Mortanges, 1999), and only a few issues related to market orientation have been answered thus far. Most studies concern the performance outcome of market orientation in international business (Faroque, 2015; He, Brouthers, and Filatotchev, 2018; Uslay and Cavusgil, 2018), keeping aside the antecedents to market-oriented behaviour (Chi and Sun, 2013). The determinants (i.e. antecedents) of export market orientation must be investigated, because these help owner-managers know how to influence the development and deployment of a market-oriented culture within their firms (Cadogan et al. 1999). While some scholars argue that the leadership styles of entrepreneurs could be critical antecedents to market orientation, the same research stream advances conflicting arguments for such influence, positively and negatively impacting these styles (Harris and Ogbonna, 2001). We argue instead that entrepreneurial capabilities (those that are more general as well as those that are specific to an international

business setting) are the most critical antecedents to the market-oriented cultures of firms and the behaviours of managers. Table 1 presents the relevant literature in light of the research gap.

**[Insert Table 1 about here]**

Studies investigating the role of market orientation in INVs are still in their infancy (e.g. Kocak and Abimbola, 2009; Kropp, Lindsay, and Shoham, 2006; Madsen, Sørensen, and Torres-Ortega, 2015; Ruokonen, 2008). Most INV research rests on small samples and firms in technology and knowledge-intensive industries from developed countries. INVs are mostly located in these industries, because product standards are internationalised and, thus, are less constrained by national boundaries (Spence, Orser, and Riding, 2011). While research findings indicate that most INVs exist in high-tech industries, the findings are not representative of reality. Many low-tech firms, especially those in developing countries, join the global marketplace just after their inception or soon thereafter. There are even some particular types of low-tech industries in these countries, where most firms are INVs. The apparel export industry of Bangladesh, an emerging economy, is one such case that is rather common among developing countries.

There are several conceptualisations and operationalisations of the general market orientation and export market orientation constructs; however, there is no study that investigates the properties of the different scales that have been developed for the same construct, including their differential impact on performance. Previous research also overlooks how entrepreneurial capabilities play significant roles in the development of export market-oriented culture and the performance of export manufacturing firms in the context of emerging economies. This research attempts to fulfil this research gap. This study investigates two scales of export market orientation, including their sustenance and differential impact. While there is some research that shows the cross-cultural validity of individual scales for both market orientation (Deshpandé and

Farley, 1998) and export market orientation (Cadogan, Diamantopoulos, and De Mortanges, 1999), no studies have investigated the validity of two separate scales for export market orientation. Doing so will give researchers an idea of whether difference scales for a construct behave equally and reliably. Since we used two scales in the same study, we made it simple and convenient for the respondents. Thus, we adopted two of the most concise scales of market orientation (Deshpande and Farley, 1999; Morris and Paul, 1987) in the context of internationalisation, which have gained some universal characteristics in a different research context (Frishammar and Andersson, 2009).

Furthermore, despite the call for studies on entrepreneurship and international entrepreneurship (IE) in emerging countries (Mostafiz, Sambasivan, and Goh, 2019), progress towards integrating knowledge from these economies is very minimal, because it is mostly dominated by research in Chinese contexts (Knight and Liesch, 2016). There is also an absence of research and knowledge in the literature pertaining to low-tech firms venturing into the global marketplace. This study aims to contribute to the literature by investigating the role of the entrepreneur's two sets of entrepreneurial capabilities, which she uses in the development of market-oriented behaviour within firms to achieving higher international performance. This study thus contributes to both the theoretical development of general entrepreneurial capabilities (Ucbasaran, Westhead, and Wright, 2008), international entrepreneurial capability (Dimitratos and Plakoyiannaki, 2003; Karra, Phillips, and Tracey, 2008; Madsen and Servais, 1997), market orientation (Kohli and Jaworski, 1990; Narver and Slater, 1990; Cadogan et al., 1999), and the literature on early internationalisation, especially in the context of emerging economies (Knight and Liesch, 2016).

## **Theoretical Background**

### *Entrepreneurial capabilities*

Previous research has identified several categories of capital, e.g. human, social, physical, financial, organisational, etc. All these dimensions have limitations in reflecting the entrepreneurial capabilities of entrepreneurs who first develop new ventures. Erikson (2002) perceived of entrepreneurial capabilities as entrepreneurial capital, which is understood as a set of complementary human capacities treated as a heterogeneous resource. It has been derived from the resource-based view, which suggests that capabilities which are valuable, rare, difficult to imitate, and have few substitutes can be the basis for sustained competitive advantage (Barney, 1991). Erikson (2002) extended Ulrich's (1998) definition of intellectual capital as a multiplicative function of competence and commitment to entrepreneurial competence and entrepreneurial commitment. Entrepreneurial competence is the ability to perform some specific tasks that include the capability to identify opportunities, acquire requisite resources and establish ventures. On the other hand, entrepreneurial commitment reflects the emotional, intellectual, and physical energy employed to achieve an implicit or explicit entrepreneurial goal or strategy.

Day (1994) distinguishes capabilities from assets. Organisational capabilities are classified into three categories: inside-out, outside-in, and spanning. As we noted earlier, the capabilities perspective explains MNE cases but cannot do the same for cases of small firms, especially INVs. However, we can adopt this classification of capabilities to describe the entrepreneur. Inside-out capabilities include an entrepreneur's previous work, industry and technical experience as well as previous entrepreneurial and international experience. These inside-out capabilities help entrepreneurs to perform necessary activities within the firm, including product delivery, cost control, integrated logistics and human resource management. On the other hand, an entrepreneur's outside-in capabilities include networking (to build relationships with customers, suppliers, and other network partners), a proactive attitude, and global vision. These capabilities connect the entrepreneur's inside-out capabilities to the firm's

external environment and allow her to anticipate changes in the environment relative to the customer, competition, channel bonding, and technology monitoring. They are market-sensing capabilities, which are embedded in the entrepreneur's network relationships (Day, 1994). Finally, spanning capabilities integrate inside-out and outside-in capabilities. Product innovation and new product development are examples of such capabilities (Lisboa, Skarmeas, and Lages, 2011).

Research on and the operationalisation of entrepreneurial capabilities rest on a parochial view of capabilities. Though most inquiries in IE encircled the prior experience of entrepreneurs in establishing a new venture, other human and social capital has largely been overlooked. We suggest that there are two sets of entrepreneurial capabilities. One is general, and the other is international. General entrepreneurial capabilities consist of prior entrepreneurial, managerial, and technical experience (Ucbasaran, Westhead, and Wright, 2008). On the other hand, international entrepreneurial capabilities include international business experience, networking, and the proactive, risk-taking, and innovative capabilities of the entrepreneur (Dimitratos and Plakoyiannaki, 2003; Karra, Phillips, and Tracey, 2008; Madsen and Servais, 1997). In addition, we add the global vision of the entrepreneur to the latter set of capabilities, because global vision is at the core of international entrepreneurial capabilities (Gabrielsson et al. 2008; Goxe and Belhoste, 2018; Karra et al. 2008).

### *Export market orientation*

The marketing concept is one of the building blocks of marketing discipline. While the marketing concept refers to business philosophy, the implementation of this philosophy, as reflected in the activities and behaviour of an organisation, is called market orientation (Kohli and Jaworski, 1990). Based on their literature review and research findings, Kohli and Jaworski (1990) offer a formal definition of market orientation: "the organisation-wide generation of market intelligence



about current and future customer needs, dissemination of intelligence across departments, and organisation-wide responsiveness to it” (p. 6). Traditionally, consumers have been the main focus of a market orientation, which has been extended to market forces, like competition, technology, and regulation. It gives a broader perspective to conceptualising market orientation (Jaworski and Kohli, 1993). In line with this conceptualisation, market intelligence does not merely refer to gathering information on customers and competitors, but also pertains to a host of other factors, such as technology, government regulation and other environmental factors. While Kohli and Jaworski (1990) defined market orientation from behavioural aspects, Narver and Slater (1990) include both philosophical and behavioural aspects, which are operationalised by behavioural facets alone (Cadogan and Diamantopoulos, 1995). The behavioural aspect is defined as ‘the organisational culture that most effectively and efficiently creates the necessary behaviours for the creation of superior value for buyers’ (Narver and Slater, 1990, p. 21). According to them, market orientation consists of three behavioural components: customer orientation, competitor orientation, and inter-functional coordination. These perspectives are not mutually exclusive; instead, they are complementary.

The operationalisation of the market orientation construct, and most research concerning this operationalisation, was initially based on firms' domestic operations. Both the increasing importance of international operations for firms' survival and the changing reality of global business has compelled researchers to operationalise the concept and to investigate its impact on organisational performance from an international business perspective (Enderwick, 2009; Gruber-Muecke and Hofer, 2015). This export market orientation, as defined by Cadogan and Diamantopoulos (1995), is based on the two dominant views of market orientation offered by Narver and Slater (1990) and Kohli and Jaworski (1990) on the ground that ‘the basic nature of the construct should not be affected as a result of merely modifying the setting in which it is

applied' (Cadogan and Diamantopoulos, 1995, p. 50). Additionally, authors add that some contextual variables should be included to best reflect the challenges faced in the international business setting.

Kirca and Hult (2009) identified three research streams in the market orientation literature, and we observed a similar pattern in our research on export market orientation. The first stream conceptualises and measures a firm's market orientation (Kohli and Jaworski, 1990; Narver and Slater, 1990) and export market orientation (Cadogan and Diamantopoulos, 1995; Cadogan et al., 1999). The second stream identifies the antecedents and consequences of market orientation in domestic markets (Gebhardt, Carpenter, and Sherry Jr, 2006; Matsuno, Mentzer, and Özsoy, 2002) and those of market orientation in international business settings (Cadogan, Diamantopoulos, and Siguaw, 2002; Chi and Sun, 2013; Faroque, 2015; He, Brouthers, and Filatotchev, 2018; Rose and Shoham, 2002; Yayla, Yenyurt, Uslay, and Cavusgil, 2018). Finally, the third stream investigates the contextual variables in the market orientation-performance relationship in both domestic markets (Slater and Narver, 1994) and international markets (Faroque, 2015; He, Brouthers, and Filatotchev, 2018; Murray, Gao, and Kotabe, 2011; Rose and Shoham, 2002)

### **Hypotheses Development**

This research model is drawn on the capability approach to market orientation (Day, 1994; Kwon and Hu, 2000) and the market-oriented approach to organisational performance (Kohli and Jaworski, 1990; Narver and Slater, 1990; Cadogan et al., 1999). We have used two different scales of market orientation (Deshpande and Farley, 1999; Morris and Paul, 1987) and two different models to investigate the antecedents and differential outcomes. The conceptual model indicates that an entrepreneur's general and international entrepreneurial capabilities influence

organisation-wide market-oriented behaviour, and in turn, export market-oriented behaviour leads to higher export performance. This model also assumes that there is a direct positive association between an entrepreneur's capabilities and export performance.

#### *Entrepreneurial capabilities and export market orientation*

The role of top management in an organisation-wide market-oriented culture is emphasised in the literature. Top management shapes the values and orientation of an organisation (Webster, 1988). Organisational outcomes, both strategic and performance, are viewed as reflections of the background characteristics of powerful actors in the organisation (Hambrick and Mason, 1984). Consequently, top management values and cognitive bases have a positive association with the market orientation of a firm (Day, 1994; Narver and Slater, 1990). Kwon and Hu (2000) used Day's (1994) framework, linking capabilities with market orientation and eventually with organisational performance. Day (1994) proposed a model of the capabilities of market-driven organisations and linked capabilities with better performance. The level of market orientation is derived from the organisational capabilities (Kwon and Hu, 2000) and eventually leads to greater performance outcomes (Hernández- Linares, Kellermanns, and López- Fernández, 2018; Mahrous and Genedy, 2019).

The emergence and development of SMEs largely depend on entrepreneurs. The role of an entrepreneur's human and social capital has been investigated and partially confirmed by Davidsson and Honig (2003). This role of the entrepreneur is intensified even more when they decide to enter a foreign market, especially when the firm is younger. Unlike traditional incremental internationalising firms, INVs start with a proactive international strategy, even though they start with only one or a few entrepreneurs and employees (Madsen and Servais, 1997). INVs are found to be highly customer-oriented and flexible as well as able to adapt its products to quickly changing market needs and demands (Rennie, 1993). The background and

characteristics of the entrepreneur significantly influence the speed of learning within and the internationalisation and development of INVs (Madsen and Servais, 1997; Oviatt and McDougall, 1997). An INV approach thus requires entrepreneurs to have developed distinctive entrepreneurial capabilities and prudence to recognise international market opportunities (Faroque, 2015; Knight and Cavusgil, 1996; Madsen and Servais, 1997; P. McDougall, Shane, and Oviatt, 1994; Mostafiz et al., 2019b).

McDougall, Oviatt, and Shrader (2003) argued that an entrepreneur's international experience plays an essential role in INV internationalisation. Many founders and managers of INVs have gained international experience and competence during previous work experiences (Madsen and Servais, 1997; Oviatt and McDougall, 1997), which help the firm to enter foreign markets successfully (Jones, 2001; Reuber and Fischer, 1997). Andersson (2000) found that a proactive international entrepreneur was the most important factor, explaining why new firms expanded internationally. Furthermore, INVs, which are primarily young and most frequently small, require entrepreneurs and top managers to meet with their overseas customers (Tesfom and Lutz, 2006). It is the individuals, not the organisational routines, that play a significant role in making decisions in INVs (Oviatt and McDougall, 1997). It emphasises the entrepreneurial capability of the INV entrepreneur in market entry and success (Mostafiz et al., 2019a).

We propose that entrepreneurs' general and international entrepreneurial capabilities may influence the development of market-oriented behaviours within firms in international markets. General entrepreneurial capabilities – represented by prior entrepreneurial, managerial, industry and technical expertise – essentially influence, develop, and assist the market-oriented behaviour of managers and other employees. In addition, international entrepreneurial capabilities – manifested by an entrepreneur's prior international business experience, network, proactive attitude towards seeking opportunity, risk taking and commitment, innovativeness and global

vision – also influence and enhance organisation-wide market orientation. Entrepreneurs are the authentic leaders of the firms, making a long-lasting imprint on both the employees (Jensen and Luthans, 2006) as well as the organisational culture (Schein, 1983). Market orientation, as part of the organisational culture of INVs, is developed by the founders' prior experiences, skills, knowledge and capabilities. Entrepreneurs' previous experiences and obtained relevant capabilities therefore define, structure, encourage and enhance organisation-wide market-oriented culture and behaviours. Thus:

***Hypothesis 1a.** General entrepreneurial capabilities are positively related to export market orientation.*

***Hypothesis 1b.** International entrepreneurial capabilities are positively related to export market orientation.*

#### *The mediating role of export market orientation*

The empirical body of literature on the positive relationship between market orientation and performance is substantial (Deshpande and Farley, 1999; Kohli and Jaworski, 1990; Morris and Paul, 1987; Narver and Slater, 1990). Kirca et al. (2005) found that the existing literature provides a strong positive association between market orientation and performance ( $r=.32, p < 0.05$ ). In addition, market orientation is found to positively affect various measures of performance, for example, overall business performance, profits, sales and market share. Research related to market orientation in international business also confirmed this positive link. Akyol and Akehurst (2003) found a positive relationship between export market orientation and export performance in the Turkish clothing industry. They also reported that the dimensions of export market orientation have a strong relationship with each dimension of export performance. Other studies confirmed this in a different country and a multiple industry setting (Filatotchev et al., 2009; He and Wei, 2011; Murray et al., 2011; Rose and Shoham, 2002). Research on INVs

also confirmed a positive relationship between market-oriented behaviour and the entrepreneurial performance of these firms (Faroque, 2015; Kocak and Abimbola, 2009; Kropp et al., 2006; Ruokonen, 2008).

Previous studies have widely contributed to the mediation mechanism of market orientation. Recently, Liu, Li, and Xue (2011) proved the mediating role of export market orientation between ownership and firms' internationalisation process. They argue that merely having ownership is not sufficient for a firm to achieve an efficient internationalisation process; however, the positive behaviour of the top management team towards developing the capacity of market orientation is beneficial. The firm should continuously learn from the market, and Kraft and Bausch (2016) provide evidence on the mediating role of market orientation between learning orientation and the innovative performance of the firm. Market orientation also plays a significant positive mediating role in the relationship between the information technology capability of the firm and market performance. Market orientation helps firms to deal with environmental turbulence by developing capabilities (Qureshi and Kratzer, 2011). Furthermore, it allows firms to translate innovation capability into firm performance (Ashrafi and Zare Ravasan, 2018). Hence, entrepreneurs are required to utilise their capabilities to translate knowledge related to the market and to create economic value for the firms. Despite an entrepreneur's pivotal role in envisioning the firm and charting future directions for it, the entrepreneur will fail to translate the vision and policies into organisational success without employee support and participation (Jensen and Luthans, 2006). Therefore, to realise the performance benefits of an entrepreneur's general and international entrepreneurial capabilities, the market-oriented behaviours of managers and employees need to be developed and deployed. Market-oriented capabilities and behaviours essentially play a critical role in the relationship between an entrepreneur's capabilities and export performance. In other words, the positive relationship

between an entrepreneur's capabilities and the firm's international performance depends on the processes, systems and values embedded in market-oriented behaviours. Therefore, we have hypothesised that:

***Hypothesis 2a.** Export market orientation positively mediates the relationship between general entrepreneurial capability and export performance.*

***Hypothesis 2b.** Export market orientation positively mediates the relationship between international entrepreneurial capability and export performance.*

## **Research Methods**

### *Research design and samples*

In this study, a sample of 800 exporters was randomly generated from the exporters' directories of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA). In total, approximately ten thousand firms are registered with BGMEA and BKMEA. We physically visited the firms and distributed the questionnaires. A similar approach to the data collection process was conducted by Mostafiz et al. (2019a, 2019b) in this research context. We collected and managed 390 questionnaires, which was a response rate of about 49%. The key informant of the study was the founder/entrepreneur of the firm. In a few cases, we encountered difficulties with contacting the founders/entrepreneurs due to their busy schedules. In those cases, we communicated with the second-in-command, who was responsible for making all major strategic decisions in the absence of the entrepreneurs. These persons usually hold the position of managing directors or deputy managing directors of the firms; as such, they are themselves capable and can describe the capability of the organisation's founder/entrepreneur. This particular process helped to control the social desirability bias in this study (Chandler and Hanks, 1994). Finally, we also conducted

an anonymity check, by which a third person reviewed the response provided by either the founder or the managing director to help the data be more accurate, as guided by Zahra and Covin (1995). In most cases, these persons hold the position of deputy managing directors or general managers of the firm. A data cleaning process was conducted before finalising the sample. We conducted the Mahalanobis *D-square* test ( $p < 0.001$ ) to identify potential outliers. Furthermore, Mardia's co-efficient multivariate kurtosis was conducted. We found 36 extreme cases. These cases were removed, and finally, 354 cases were carried forward for statistical analyses.

#### *Common method bias-variance*

We have taken several steps to minimize common method bias-variance (CMV), including protecting the respondent and the firm as well as removing the psychological separation in the questionnaires (Chang, Van Witteloostuijn, and Eden, 2010). This ensures that items relating to the variables would not be located as dependent or independent variables in the questionnaire. Furthermore, two statistical tests were conducted to identify the effects of CMV. First, Harman's one-factor test (Podsakoff, MacKenzie, Lee, and Podsakoff, 2003) was conducted. All the statements relating to the endogenous and exogenous variables were entered in a single Principal Component Analysis (PCA) in SPSS 24 to check whether one component accounted for most of the variance. In the model with the Deshpande and Farley (1999) scale, all components with eigenvalues higher than 1.00 were identified. These components accounted for 59.36% of the variance, with the largest component accounting for only 38.82%. In the model with the Morris and Paul (1987) scale, the components were identified, and they accounted for 62.91% of the variance, with the largest component accounting for only 28.63%. For both cases, the percentage of variance values for the first component were less than 50%. The result indicates that the effect of CMV is minimal (Fuller et al., 2016). Second, a single latent factor analysis was conducted to



identify the effect of CMV. Using the Deshpande and Farley (1999) scale, all items were loaded to a single latent factor in AMOS 24. The results were:  $\chi^2=5636.339$ ,  $df=1378.86$ ; and with the Morris and Paul (1987) scale, the results were  $\chi^2=7462.339$ ,  $df=1149.29$ . Both results are significantly different from the results of the chi-square test and the degree-of-freedom of the measurement and of the structural model. Therefore, no evidence of CMV was detected in either model.

## **Measurement**

### *Entrepreneurial capability*

Two types of entrepreneurial capabilities are assessed in this study. First, the general entrepreneurial capability construct is operationalised by the prior (1) entrepreneurial, (2) managerial, (3) technical and (4) industry experience of the entrepreneur before she started her own business (Ucbasaran et al., 2008). The international entrepreneurial capability construct was developed, based on the items used by Zhang, Tansuhaj, and McCullough (2009) and the findings of Karra et al. (2008). Zhang et al. (2009) developed multidimensional measures of capability; however, in their later study, they proposed unidimensional measures (Zhang, Gao, and Cho, 2017). In this study, we conceptualise international entrepreneurial capability as a unidimensional construct (with six items). The construct includes six specific capabilities of entrepreneurs as (1) prior international business experience, (2) global vision, (3) networking, and (4) innovative, (5) proactive and (6) risk-taking capabilities.

### *Export market orientation*

There are several market orientation measures used frequently by researchers in the management and international business contexts (Deshpande and Farley, 1999; Kohli and Jaworski, 1990; Narver and Slater, 1990). From the original market orientation scales, researchers developed an

export market orientation scale (Cadogan et al., 1999). Many studies applied the original market orientation scales without consideration of the cross-cultural differences and complexities in an international business setting. We operationalise export market orientation with the two most widely accepted scales in international business, proposed by Deshpande and Farley (1999) and Morris and Paul (1987). Compared to other established scales, these two are more widely accepted and are relatively easy to understand for the respondents, requiring less time to complete. These scales have gained some universal characteristics in a different research context (Frishammar and Andersson, 2009).

Deshpande and Farley's (1999) scale includes nine items, which mostly explain customer satisfaction, customer needs, the quality of the products and services, disseminate information among departments, and so forth. On the other hand, Morris and Paul's (1987) scale includes market research, new product development, creativity, an innovative idea, and a strategic approach to satisfy the customer needs. Together, both scales focus on intelligence generation, dissemination and responsiveness for achieving success in market performance.

### *Export performance*

Measuring performances in early internationalising and small-medium firms are always complicated. It is challenging to collect objective data in this type of research context, because entrepreneurs are reluctant to provide sufficient information regarding performance. Hult et al. (2008) provide a guide with which to capture the value of firm performance through a subjective measurement scale, especially in international business and small- to medium-sized entrepreneurial firms. In this study, the export performance was measured by (1) export sales volume, (2) export sales growth, and (3) export profitability, which are the indicators of export performance used most in the international marketing literature (Katsikeas, Leonidou, and Morgan, 2000). All of the items in this study, including independent and dependent variables, are

measured on a seven-point Likert scale, where 1 represents strongly disagree and 7 represents strongly agree. We have included three control variables to control the boundary condition of the baseline model and to allow for a better delineation of the relationships proposed in this study. Firm age (operationalised as the number of years since the firm's establishment), firm size (number of employees) and foreign market coverage (number of markets exporting to) are used to control the effects of the correlations between all exogenous and endogenous variables (Gerschewski, Rose, and Lindsay, 2015).

## **Data analysis and results**

### *Exploratory factor analysis*

We ran the exploratory factor analysis (EFA) to determine the number of factors in each model. Table 2a and 2b highlight the results of EFA. We computed both analyses by using the maximum likelihood estimation with a varimax rotation. In the first analysis, Deshpande and Farley's (1999) scale was loaded to the EFA analysis. Five factors were identified in this analysis. Deshpande and Farley's (1999) scale of market orientation produced two factors. Factor one had five items and factor two had four. The items in factor one mostly expressed the orientation to the customer as well as the development of intelligence. Therefore, we termed factor one as 'customer orientation and intelligence generation'. Factor two expressed the firm's activities, as related to the dissemination of information and the responsiveness to the market; hence, we named it 'intelligence dissemination and responsiveness'. In the second model, Morris and Paul's (1987) scale was used for the EFA analysis. The results provided a unidimensional measure of Morris and Paul's (1987) scale, with seven items. None of the items in the EFA analysis showed a factor loading below 0.50. Therefore, we have not deleted any items in this study (Gerbing and Hamilton 1996).

**[Insert Tables 2a and 2b about here]**

*Descriptive statistics*

Tables 3a and 3b represent the correlation, mean, standard deviation, normality and multicollinearity of the constructs. We have also collected data on the age of the firm. The result reveals that only 10% of the firms are 10 years of age and older. This particular result meets the criteria of being INVs, as suggested by Oviatt and McDougall (2005). The authors posit that the firm's age in a study of INVs should not exceed ten years. Because firms, which are 10 years of age and above considered mature international firms, and they are not likely INVs formed by international entrepreneurs. The correlation results show that the constructs are adequately correlated. The skewness and kurtosis values are in between +2 to -2, which indicate the normal distribution of data (Hair et al., 2010). Finally, the variance inflation factors (VIF) value of each construct is less than 5.0, indicating a minimum level of collinearity between constructs (Graham, 2003).

**[Insert Tables 3a and 3b about here]**

*Reliability and validity*

The reliability of the constructs was assessed by Cronbach's alpha, composite reliability (CR) and average variance extracted (AVE). The alpha and CR values far exceeded the recommended threshold of 0.70. The values of AVE also met a minimum of 0.50 or closer. The factor loading for each individual item on its respective construct was statistically significant ( $p < 0.001$ ). All unidimensional factors and no further cases of cross loading suggested the convergent validity of the constructs. The discriminant validity of the constructs was assessed in two ways. First, the correlation of the two constructs is less than the square root of the AVE estimates of the two constructs (Fornell and Larcker, 1981). Second, each possible pair of constructs was collapsed

into a single construct, whose fit was compared with that of the original model (Anderson and Gerbing, 1988). Chi-square difference tests in all cases support the two-factors unconstrained model and provide adequate proof of discriminant validity. Overall, the results suggest that the measurement model fits the data well, and the constructs show adequate validity and reliability. Table 4 reports the measurement scales and properties, along with factor loadings, alpha, CR and the AVE of the constructs.

**[Insert Table 4 about here]**

### *Hypotheses test*

To analyse the hypothesised relationships between and among the constructs, models were estimated using AMOS 24 and the maximum likelihood (ML) estimation method. We ran two different models with two different market orientation scales. Table 5 provides the fit indices for the models, which use two different scales of market orientation. It shows that both the measurement and structural models exhibit a good model fit for our models, which use two scales. The results of the structural model are presented in Table 6a (Model 1) and 6b (Model 2) for the Deshpande and Farley (1999) and Morris and Paul (1987) scales, respectively. In addition to direct effects (hypothesised relationships), we estimated the indirect (mediated) and total effects of the exogenous variables on relevant endogenous variables, with a 90% confidence level.

**[Insert Tables 5, 6a, and 6b about here]**

In Model 1, which has the Deshpande and Farley (1999) scale, the direct effect of general entrepreneurial capability on customer orientation and intelligence generation is non-significant

( $\beta=0.096$ ,  $p>0.01$ ); however, the effect on intelligence dissemination and responsiveness is significant ( $\beta=0.183$ ,  $p<0.001$ ). Therefore, for the Deshpande and Farley (1999) scale, H1 is partially supported. Furthermore, the effects of international entrepreneurial capability on customer orientation and intelligence generation as well as intelligence dissemination and responsiveness are significant ( $\beta=0.253$ ,  $p<0.001$ ;  $\beta=0.201$ ,  $p<0.001$ , respectively). Therefore, for Deshpande and Farley's (1999) scale, H2 is significant. In the Morris and Paul (1987) scale, the effects of both capabilities on export market orientation are significant ( $\beta=0.501$ ,  $p<0.001$ ;  $\beta=0.248$ ,  $p<0.001$ ). Therefore, for Morris and Paul's (1987) scale, H1 and H2 are both significant. For the mediating analysis, we performed bootstrapping with 5000 re-sampling by using AMOS 24 (Hair et al., 2010). For the Deshpande and Farley (1999) scale, the results show that customer orientation and intelligence generation (but not intelligent dissemination and responsiveness, due to its non-significant relationship with performance) positively mediates the relationship between the international entrepreneurial capability and export performance of the firm ( $\beta=0.469$ ,  $p<0.001$ ). However, for Morris and Paul's (1987) scale, the results show that export market orientation mediates the relationships between general entrepreneurial capabilities and export performance as well as between international entrepreneurial capability and export performance for the firms. Finally, we find that all three control variables are controlling the correlations between endogenous and exogenous variables.

## **Discussions and implications**

Our results affirm the existing export market orientation-performance relationship in the international marketing literature and, particularly, studies on both apparel exporters (Akyol and Akehurst, 2003; Chi and Sun, 2013; Faroque, 2015) and exporters in emerging economies (He

and Wei, 2011; Kwon and Hu, 2000; Murray et al., 2011). This study has contributed to the literature in the following ways. First, we attempted to bridge entrepreneurs' capabilities and the firm's market-oriented behaviour and activities. In doing so, we have contributed to the development of knowledge on general entrepreneurial capability (Ucbasaran, Westhead, and Wright, 2008) and international entrepreneurial capability (Dimitratos and Plakoyiannaki, 2003; Karra, Phillips, and Tracey, 2008; Madsen and Servais, 1997). More specifically, we have established the sources of market and marketing-oriented behaviour – i.e. where this behaviour is rooted – thus contributing to Kohli and Jaworski (1990), Narver and Slater (1990) and Cadogan et al. (1999). Entrepreneurs who are rich in both general and international entrepreneurial capabilities can impinge upon the organisation-wide market and marketing orientation and thus indirectly help firms to achieve financial returns in export markets. Second, unlike other studies that showed a direct link between export market orientation and performance, we built on the capability-resources-performance perspective, showing that export market-oriented behaviour and resources fully mediate the relationship between an entrepreneur's capability and performance. Finally, the two different scales for export market and marketing orientation reveal that they are complementary, not contradictory. Two dimensions of the Deshpande and Farley (1999) scale lend support to other multidimensional constructs used in export market orientation research (Cadogan and Diamantopoulos, 1995; Cadogan et al., 1999).

We found that general entrepreneurial capability in both Models 1 and 2 is not directly related to export performance. Our results (more specifically, those in Model 2) can be explained by the problems associated with the adaptation logic to new capability creation in entrepreneurial firms. Endogenous strategic and structural adaptation by developing and deploying capabilities has been widely used in the organisation and entrepreneurship literature (Levinthal, 2000; McMullen and Shepherd, 2006). Capabilities refer to a firm's capacity to deploy a set of

resources and processes to achieve the desired goal (Amit and Schoemaker, 1993). According to the resource-based view (RBV), such capabilities are sources of sustainable competitive advantage (Prahalad and Hamel, 1990). However, Collis (2006) argues that they are not always sources of the 'holy grail' (p. 144), because RBV holds on the assumption that others cannot imitate such capabilities (Barney, 1991). Moreover, organisational capabilities are embedded in firm routines, and these routines are a product of the organisation as an entire system (Nelson and Winter, 1982). Organisational capabilities reside in the corporate culture and network of employee relations (Collis, 2006) and are not vested in or articulated by a single individual, whether an entrepreneur or a manager (Teece, 1982). It suggests that an entrepreneur's entrepreneurial capability is not enough for achieving superior organisational performance; our results also support this view. Capabilities reside in the entire organisation. To influence performance outcomes, an entrepreneur's capabilities need to be channelled through this novel organisational process, which in this study, has been achieved through the market-oriented capability of the whole organisation.

Furthermore, general entrepreneurial capabilities are general and broad in terms of prior entrepreneurial, managerial, industry and functional experience, as they are not necessarily specific to the international business context. Therefore, this set of entrepreneurial capabilities is better positioned to influence export performance through the mediation of market-oriented behaviour and capability. The entrepreneurship literature also focuses on the prior experiences of entrepreneurs, considering them as the sources and foundations of firms' capabilities (Helfat and Lieberman, 2002).

Entrepreneurs import routines that they know from their previous professional and entrepreneurial roles, and these routines are reused, modified or recombined through behavioural adaptation (Helfat and Peteraf, 2003). This approach fails to explain the process of development



and deployment of new capabilities that go beyond imported routines. Autio, George, and Alexy (2011) offer two explanations for this failure. First, the direct reuse of routines emerging from the entrepreneur's professional or entrepreneurial past will often have limited applications, because these routines have been developed in a particular environment. Second, the behavioural adaptation of *de novo* routines may appear to be insufficient for forming new capabilities in an unknown and radically changing environment. Such unknown and changing environmental conditions are best captured by dynamic capabilities (Teece, Pisano, and Shuen, 1997), which involve adaptation and change over time. The above discussion can explain our non-supported hypothesis of the relationship between an entrepreneur's general capabilities and export performance. Also, the categories for an entrepreneur's international entrepreneurial capabilities capture the dynamic nature of these capabilities, such as proactive, networking and innovative; however, they are more focused on recognising and exploiting international business opportunities and achieving global market performance (Zhang, Tansuhaj, and McCullough, 2009) rather than financial.

The differential impact caused by two different market orientation scales suggests that we go back to the measurement items used for them. An investigation into the items reveals that Deshpande and Farley's (1999) scale purely reflects market-oriented behaviour, and the Morris and Paul (1987) scale instead represents marketing orientation. Although market and marketing orientation have been used interchangeably in previous literature, they do not represent the same concept. According to Kohli and Jawarski (1990), there are three main differences between these two concepts. First, the term 'market orientation' clarifies that this is not exclusively a concern of the marketing department (Shapiro, 1988). Second, this label is less politically charged, in that it does not escalate the marketing function of the department. Third, the 'market orientation' label focuses attention on markets that include customers and the forces influencing them and is

consistent with the broader management of markets orientation (Park and Zaltman, 1987). In a similar vein, we can argue that market and marketing orientation are different; therefore, it is reasonable to expect a differential impact of these two constructs on export performance and their antecedents. However, the complementary effects of these constructs suggest that both are important, according to different perspectives, and can complement each other. While export market orientation (Deshpande and Farley scale; Model 1) does not mediate the general entrepreneurial capability-export performance relationship, export marketing orientation (Morris and Paul scale; Model 2) does that. Besides, export market orientation mediates the international entrepreneurial capability-export performance relationship while export marketing orientation fails to do so. Thus the complementarities of two scales are established, and their differential roles signified.

#### *Managerial implications*

Market orientation and marketing orientation are different and thus cause differential impacts. This suggests that entrepreneurs and managers of INVs in the Bangladesh apparel industry should emphasise the development of managers' and employees' market-oriented behaviours as well as marketing capabilities. In the long run, firms' survival depends on the entrepreneur's capability to leverage market-oriented behaviours and marketing capabilities and to achieve performance (Diamantopoulos and Cadogan, 1996). INV managers in the apparel industry of Bangladesh, therefore, should not neglect marketing functions or activities by unilaterally focusing only on customer orientation. Cadogan et al. (1999) suggested that the determinants (i.e. antecedents) of export market orientation be investigated, because they can be used by owners-managers to shape the market-oriented behaviour of their firms. This study provides guidelines to entrepreneurs and managers in this respect.

Our results suggest that entrepreneurs are the decisive factors in shaping the behaviour of export market and the export marketing-oriented behaviours of INVs. The managers of INVs should capitalise on the entrepreneur's general and international entrepreneurial capabilities to strengthen the market and marketing-oriented behaviour throughout an organisation, which would, in turn, facilitate greater performance achievement in export markets. Our non-significant findings concerning the entrepreneur's capabilities and export performance also indicate that to achieve greater financial performance, entrepreneurial capabilities are not sufficient on their own. Entrepreneurs need to delegate more autonomy to INV managers and to play a very instrumental role in building a strong market- and marketing-oriented culture. The managers are the main actors in exercising market- and marketing-oriented behaviours, through which they can realise greater performance in export markets. Therefore, because an entrepreneur's prior experience and capabilities cannot be influenced and developed by national policies, public policymakers should target INV managers, rather than entrepreneurs, to influence market- and marketing-oriented behaviour (i.e. the direct determinant of export performance), which will then help firms create greater export performance.

### **Limitations and future research**

Like any other research, this study has some potential limitations. First, it employs a cross-sectional research design, which cannot capture the change in the dynamic nature of the market orientation and capabilities constructs, let alone their impact on the change in business performance (Kwon and Hu, 2000). Longitudinal research may provide a better understanding of the constructs and their relationships. Second, we have only used financial performance measures to link entrepreneurial capabilities and market/marketing-oriented behaviours. Future research could adopt both financial and non-financial/strategic measures. Third, we used Deshpande and

Farley's (1999) and Morris and Paul's (1987) scales due to their simplicity, as there are fewer items in the constructs. Other established scales (such as the one developed by Cadogan and his colleagues) could be used to show the link between capabilities and performance outcomes. Finally, this research was undertaken in an emerging country's particular industry; therefore, the generalisability of the findings to other countries and industries might be limited.

## **Conclusion**

The study bridges the gap between entrepreneurial capability, export market orientation and the international performance of INVs. Because MNE-based capability theory cannot explain and define the capabilities inherent in the emergence and prevalence of INVs – in which entrepreneurs are the main actors and their leadership style is a critical antecedent to market orientation (Harris and Ogbonna, 2011) – we investigated entrepreneurial capabilities as antecedents to the export market behaviour and the export marketing-oriented behaviour of organisations. Multi-scale entrepreneurial capabilities (general and international) have been used to provide more profound insights to the literature on early internationalisation. The use of multi-scales of market and marketing orientation shows the complementarity of different scales in an international context. The non-significant direct effects of entrepreneurial capabilities and the significant mediating role of market/marketing orientation suggest that such individual-level capabilities need to be mediated by organisation-wide market- and marketing-oriented capabilities and behaviours to achieve the performance advantage enabled by entrepreneurial capabilities in INVs.

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## List of Tables:

Table 1 Research focus and gap in IE

	<b>Main focus</b>	<b>Lack of focus</b>	<b>Exemplar studies</b>
EMO research	Performance outcomes	Antecedents	Faroque, 2015; Gruber-Muecke & Hofer (2015); He, Brouthers, & Filatotchev, 2018; Yayla, Yenyurt, Uslay, & Cavusgil, 2018
(International) Entrepreneurial capability research	Internationalization	EMO	Karra, Phillips, & Tracey (2008); Zhang, Gao, & Cho (2017); Zhang, Tansuhaj, & McCullough (2009)

**Table 2a** Exploratory factor analysis with (Deshpande & Farley, 1999 scale)

Constructs/items (n=354)	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
<i>General Entrepreneurial Capability</i>					
Item 1	0.648				
Item 2	0.596				
Item 3	0.638				
Item 4	0.688				
<i>International Entrepreneurial Capability</i>					
Item 1		0.768			
Item 2		0.677			
Item 3		0.649			
Item 4		0.699			
Item 5		0.721			
Item 6		0.692			
<i>Export market orientation</i>					
<i>D&amp;F Factor 1</i>					
<i>Customer orientation and intelligence generation</i>					
Item 1			0.677		
Item 2			0.598		
Item 3			0.731		
Item 4			0.738		
Item 5			0.673		
<i>D&amp;F Factor 2</i>					
<i>Intelligence dissemination and responsiveness</i>					
Item 1				0.733	
Item 2				0.718	
Item 3				0.747	
Item 4				0.735	
<i>Export performance</i>					
Item 1					0.831
Item 2					0.827
Item 3					0.849

Note: Factor loading is significant at  $p < 0.05$  level

**Table 2b** Exploratory factor analysis with (Morris & Paul, 1987 scale)

Constructs/items ( <i>n</i> =354)	Factor 1	Factor 2	Factor 3	Factor 4
<i>General Entrepreneurial Capability</i>				
Item 1	0.659			
Item 2	0.589			
Item 3	0.638			
Item 4	0.617			
<i>International Entrepreneurial Capability</i>				
Item 1		0.739		
Item 2		0.741		
Item 3		0.736		
Item 4		0.727		
Item 5		0.741		
Item 6		0.739		
<i>Export market orientation</i>				
<i>M&amp;P Export marketing orientation</i>				
Item 1			0.684	
Item 2			0.632	
Item 3			0.683	
Item 4			0.657	
Item 5			0.648	
Item 6			0.629	
Item 7			0.691	
<i>Export performance</i>				
Item 1				0.834
Item 2				0.847
Item 3				0.851

Note: Factor loading is significant at  $p < 0.05$  level

**Table 3a** Correlation between constructs, means and standard deviation (Deshpande & Farley, 1999 scale)

Construct	(1)	(2)	(3)	(4)	(5)
(1) General entrepreneurial Capability	<b>0.735</b>				
(2) International entrepreneurial Capability	0.569	<b>0.714</b>			
(3) Customer orientation and intelligence generation	0.377	0.417	<b>0.73</b>		
(4) Intelligence dissemination and responsiveness	0.418	0.424	0.117	<b>0.774</b>	
(5) Export performance	0.464	0.471	0.540	0.241	<b>0.70</b>
Mean	23.45	38.61	31.57	23.54	16.43
Standard deviation	2.59	3.05	2.94	2.18	1.42
Skewness	0.939	-1.326	-0.448	0.395	1.540
Kurtosis	0.492	-0.583	0.593	0.947	-0.295
VIF	1.59	2.43	1.96	1.98	2.64

Note: Diagonal is the square root of the variance extracted.  
Correlations greater than .13 are significant at the 0.05 level.  
Correlations greater than .17 are significant at the .01 level.

**Table 3b** Correlation between constructs, means and standard deviation (Morris & Paul, 1987 scale)

Construct	(1)	(2)	(3)	(4)
(1) General Entrepreneurial Capability	<b>0.735</b>			
(2) International Entrepreneurial Capability	0.569	<b>0.71</b>		
(3) Export marketing orientation	0.520	0.559	<b>0.70</b>	
(4) Export performance	0.462	0.469	0.566	<b>0.70</b>
Mean	23.45	38.61	43.76	16.43
Standard deviation	2.59	3.05	3.67	1.42
Skewness	0.939	-1.326	0.463	1.540
Kurtosis	0.492	-0.583	-0.829	-0.295
VIF	1.59	2.43	2.87	2.64

Note: Diagonal is the square root of the variance extracted.  
Correlations greater than .13 are significant at the 0.05 level.  
Correlations greater than .17 are significant at the .01 level.

**Table 4** Measurement scales and properties

Constructs/items ( <i>n</i> =354)	Standardized loadings
<i>General Entrepreneurial Capability</i> ( <i>Alpha</i> =0.703, <i>CR</i> =0.727, <i>AVE</i> =0.592)	
Item 1. The founder(s) of this firm has prior entrepreneurial experience (prior own business) before starting this business. ( <i>Mean</i> =5.316; <i>SD</i> =1.69)	0.658
Item 2. The founder(s) has managerial experience before starting this business. ( <i>Mean</i> =5.539; <i>SD</i> =1.166)	0.701
Item 3. The founder(s) of this firm has previous industry experience before starting the business. ( <i>Mean</i> =5.379; <i>SD</i> =1.422)	0.686
Item 4. The founder(s) has expertise in a technical or functional area. ( <i>Mean</i> =4.65; <i>SD</i> =1.276)	0.633
<i>International Entrepreneurial Capability</i> ( <i>Alpha</i> =0.749, <i>CR</i> =0.793, <i>AVE</i> =0.571)	
Item 1. The founder(s) has prior international business experience before starting this business. ( <i>Mean</i> =5.061; <i>SD</i> =1.33)	0.694
Item 2. The founder(s) has networking capability to build relationship with suppliers, customers and other network partners abroad. ( <i>Mean</i> =4.810; <i>SD</i> =1.37)	0.615
Item 3. The founder(s) actively explore new business opportunities in international markets. ( <i>Mean</i> =4.671; <i>SD</i> =1.36)	0.713
Item 4. The founder(s) of the firm has undertaken significant and risky resource commitments for international business. ( <i>Mean</i> =5.04; <i>SD</i> =1.46)	0.698
Item 5. The founder(s) is very innovative (in terms of creative ideas, products, process, problem-solving, etc. in international business. ( <i>Mean</i> =4.781; <i>SD</i> =1.53)	0.701
Item 6. The founder(s) considers the whole world as a marketplace rather than the domestic market only. ( <i>Mean</i> =5.063; <i>SD</i> =1.37)	0.639
<i>Export market orientation</i>	
<i>D&amp;F Factor 1</i>	
<i>Customer orientation and intelligence generation</i> ( <i>Alpha</i> =0.734, <i>CR</i> =0.768, <i>AVE</i> =0.532)	
Item 1. We monitor customers and competitors to find new ways to improve customer satisfaction in international markets. ( <i>Mean</i> =4.824; <i>SD</i> =1.41)	0.655
Item 2. Our strategy for competitive advantage in international markets is based on our understanding of customers' needs. ( <i>Mean</i> =5.012; <i>SD</i> =1.39)	0.651
Item 3. We always encourage our overseas customers to assess the quality of our products and services. ( <i>Mean</i> =4.027; <i>SD</i> =1.30)	0.667
Item 4. We measure overseas customer satisfaction in a formal/ informal manner. ( <i>Mean</i> =5.261; <i>SD</i> =1.46)	0.679
Item 5. I believe this business exists primarily to serve customers in international markets. ( <i>Mean</i> =5.693; <i>SD</i> =1.46)	0.604
<i>D&amp;F Factor 2</i>	
<i>Intelligence dissemination and responsiveness</i> ( <i>Alpha</i> =0.749, <i>CR</i> =0.762, <i>AVE</i> =0.639)	
Item 1. Information on overseas customer satisfaction is disseminated at all levels in our company. ( <i>Mean</i> =5.048; <i>SD</i> =1.69)	0.621
Item 2. We are more customer-focused in international markets than our competitors. ( <i>Mean</i> =5.326; <i>SD</i> =1.22)	0.903
Item 3. Our international business objectives are driven primarily by overseas customer satisfaction. ( <i>Mean</i> =5.711; <i>SD</i> =1.14)	0.672
Item 4. We have formal/informal measures of customer service.	0.639
<i>M&amp;P Export marketing orientation</i> ( <i>Alpha</i> =0.751, <i>CR</i> =0.767, <i>AVE</i> =0.521)	
Item 1. We regularly perform marketing research. ( <i>Mean</i> =5.521; <i>SD</i> =1.37)	0.692
Item 2. We give strong emphasis on customer satisfaction. ( <i>Mean</i> =5.489; <i>SD</i> =1.51)	0.664
Item 3. New product development is critical to our firm. ( <i>Mean</i> =5.039; <i>SD</i> =1.36)	0.732
Item 4. Marketing is critical to our firm. ( <i>Mean</i> =5.241; <i>SD</i> =1.42)	0.701
Item 5. Marketing/sales are the areas where creativity, new ideas, and new approaches are the most important. ( <i>Mean</i> =4.91; <i>SD</i> =1.36)	0.649
Item 6. Marketing/sales generate most new product/service ideas. ( <i>Mean</i> =5.087; <i>SD</i> =1.87)	0.652
Item 7. Marketing has a significant impact on the strategic direction of the firm. ( <i>Mean</i> =5.180; <i>SD</i> =1.74)	0.657
<i>Export performance</i> ( <i>Alpha</i> =0.749, <i>CR</i> =0.773, <i>AVE</i> =0.508)	
Item 1. Export sales volume ( <i>Mean</i> =5.918; <i>SD</i> =1.39)	0.757
Item 2. Export sales growth ( <i>Mean</i> =5.963; <i>SD</i> =1.18)	0.774
Item 3. Export profitability ( <i>Mean</i> =5.954; <i>SD</i> =1.40)	0.684

Note: All standardized coefficient loadings are significant at  $p < 0.01$

CR=Composite reliability; AVE=Average variance extracted

D&F: Deshpande and Farley (1999) scale

M&P: Morris and Paul (1987) scale



**Table 5** Fit indices for measurement and structural models with Deshpandé & Farley (1999) and Morris & Paul (1987) scales

Fit indices	Deshpandé and Farley (1999)		Morris and Paul (1987)	
	Measurement model	Structural model	Measurement model	Structural model
$\chi^2$	587.639	643.51	481.752	542.693
df	329	332	261	278
$\chi^2/df$	1.784	1.937	1.84	1.95
RMSEA	0.049	0.051	0.046	0.050
GFI	0.926	0.927	0.926	0.912
AGFI	0.901	0.898	0.901	0.896
CFI	0.906	0.923	0.900	0.899
TLI	0.900	0.900	0.902	0.901
IFI	0.917	0.924	0.910	0.902

**Table 6a** Standardized direct, indirect and total effects of exogenous variables in Model 1 (Deshpande and Farley, 1999 scale)

Exogenous Variables	Type of Effects	Endogenous Variables					
		Customer orientation and intelligence generation		Intelligence dissemination and responsiveness		Export performance	
		Beta	c.r.	Beta	c.r.	Beta	c.r.
General entrepreneurial capability	Direct Effect	0.096 NS	1.473	0.183***	2.429	-0.109 NS	-0.908
	Indirect Effect	-	-	-	-	0.064 NS	1.221
	Total Effect	0.096 NS	1.473	0.183***	2.429	0.073 NS	0.618
International entrepreneurial capability	Direct Effect	0.253***	2.839	0.201***	2.373	0.102 NS	1.282
	Indirect Effect	-	-	-	-	0.148***	2.918
	Total Effect	0.253***	2.839	0.201***	2.373	0.253**	2.419
Customer orientation and intelligence generation	Direct Effect	-	-	-	-	0.469***	6.958
	Indirect Effect	-	-	-	-	-	-
	Total Effect	-	-	-	-	0.469***	6.958
Intelligence dissemination and responsiveness	Direct Effect	-	-	-	-	0.075 NS	0.961
	Indirect Effect	-	-	-	-	-	-
	Total Effect	-	-	-	-	0.075 NS	0.961

Note: Critical ratios (c.r.) are significant at: \*\*\*  $p \leq .01$ ; \*\*  $p \leq .05$ ; \*  $p \leq .10$

**Table 6b** Standardized direct, indirect and total effects of exogenous variables in Model 2 (Morris and Paul, 1987 scale)

Exogenous Variables	Type of Effects	Endogenous Variables			
		Export market orientation		Export performance	
		Beta	c.r.	Beta	c.r.
General entrepreneurial capability	Direct Effect	0.501***	3.973	0.03 NS	0.654
	Indirect Effect	-	-	0.273***	3.267
	Total Effect	0.501***	3.973	0.201**	2.091
International entrepreneurial capability	Direct Effect	0.248**	2.882	0.106 NS	1.172
	Indirect Effect	-	-	0.097 NS	1.036
	Total Effect	0.248**	2.882	0.215**	2.058
Export market orientation	Direct Effect	-	-	0.536***	6.794
	Indirect Effect	-	-	-	-
	Total Effect	-	-	0.536***	6.794

Note: Critical ratios (c.r.) are significant at: \*\*\*  $p \leq .01$ ; \*\*  $p \leq .05$ ; \*  $p \leq .10$