

EXPORT STRATEGIC ORIENTATIONS AND THEIR CONSEQUENCES: ANÁLISIS OF FORMS HETEROGENEITY

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ABSTRACT

Two main objectives are intended to achieve in this work. Firstly, from a proposed model the implications of strategic export orientation on 1) export commitment, 2) the degree of marketing mix adaptation to the international context, 3) perceived competitive advantage in international markets, and 4) export performance are assessed. Secondly, the effect of heterogeneity in the proposed model is analyzed. To analyse data and evaluate relations between the different constructs, we chose structural equations modelling via PLS (partial least squares). To achieve the second proposed research objective we decided to use the latent cluster model. Results corroborate, from a sample of 150 Spanish export firms, eight of the eleven hypotheses, yielding important implications for managers and identifying three groups of exporting firms. To develop a study analyzing the antecedents and consequences of strategic orientation in the context of international marketing.

KEYWORDS

Export Manager Motivation, Export Market Orientation, Marketing-mix Adaptation, Perceived Competitive Advantages, Export Performance and Heterogeneity.

1. INTRODUCTION

Success (or failure) of firms operating in a given environment depends on the strategic orientation of the organization (Porter, 1980; Knight, 1995; Morgan and Strong, 2003). The focus of this research stream has been confined to domestic markets (Douglas and Rhee, 1989, Cavusgil and Zou, 1994), and it has been scarcely developed in the field of international markets (Wood and Robertson, 1997). According to this perspective, it is necessary to develop studies analyzing the antecedents and consequences of strategic orientation in the context of international marketing. Trying to fill this gap, and focusing on exports as the traditional way of accessing to foreign markets, a first objective of this paper is to analyze the impact of exporting strategic orientation on (1) corporate behavior, (2) achieving competitive advantages in international markets and (3) results of export activity.

Moreover, exporting firms can display different types of behaviors and attitudes in relation to the export activity even though having similar resources and capabilities. This depends on the orientations and perceptions of managers (Navarro *et al.*, 2010a). The effect of this potential heterogeneity is currently unknown in the literature of international marketing. To improve the knowledge of this heterogeneity is the second objective of this research. This is achieved by segmentation techniques, identifying subgroups of companies based on the strategic orientation of the organization and its impact on export activity.

In order to achieve these objectives, the paper is organized in four stages. Firstly, the concepts of strategic orientation and the rest of variables studied have been defined from the literature review. The specification of the theoretical framework of the research will lead to the proposition of the conceptual model and the hypotheses to be tested. Secondly, research methodology, sample, information obtained and data analysis tools used to test the hypotheses and to segment the sample are described. Thirdly, the results obtained are presented, from which the main conclusions and managerial implications are extracted. In the fourth and last phase, the main limitations of the study and future research are outlined.

2. CONCEPTUALIZATION OF EXPORT STRATEGIC ORIENTATION

Strategic orientation has been conceptualized in a variety of ways. However, two perspectives predominate in literature. Firstly, many researchers have attempted to capture the frame of mind, or mental “orientation”, that managers bring to the strategic development process (Wood and Robertson, 1997). In this context, strategic orientation is defined as the specific managerial perceptions, predispositions, tendencies, motivations and desires that precede and guide the strategic planning and development process, and, ultimately, the direction of the organization (Gabarro, 1973; Wood and Robertson, 1997). Secondly, the strategic orientation of the organization has been associated to the degree of market orientation. And this topic is conceived as a key determinant of business success (Cadogan *et al.*, 2002). In this paper, we use both perspectives to define strategic export orientation. According to Francis and Collins-Dodd (2000), strategic export orientation can be conceptualized as the degree to which various motivations underlie export behaviour. Three motivations stand out between all of them: a) those associated to the importance of export sales and foreign markets for the organization, b) those related to identifying opportunities in foreign markets via market research and permanent contact with distributors and consumers in foreign markets, c) motivations associated to information-seeking approach. These three motivations are the origin of the managerial behaviors related to export market orientation (EMO). In this context, following Cadogan *et al.*, (2001), strategic orientation of the exporting company is determined by managerial behaviors related to collection and use of information in relation to the needs of foreign consumers. In order to design offers and services that generate a higher value for these consumers compared to competitors.

Therefore, this research will evaluate strategic export through two separate but interrelated components: a) export manager motivation and b) EMO.

3. CONCEPTUAL MODEL AND HYPOTHESIS

3.1. EXPORT PERFORMANCE

Cavusgil and Zou (1994) define export performance as the extent to which the firm achieves its objectives when exporting a product to a foreign market. Economic (profits, sales, costs, etc.) or strategic (expansion of market, increase in market share abroad, etc.) considerations through the planning and execution of its international marketing strategy are the focal points.

Although the majority of researchers accept that export performance is multi-dimensional in nature, it can be conceptualized and operationalized in many ways (Rose and Shoham, 2002; Sousa, 2004). Export performance must include managerial satisfaction because it provides a benchmarked measure of performance against organizational expectations and affects the selection of future strategies (Shoham, 1999). In particular, one approach that is increasingly relied upon is the aggregation of satisfaction with various performance measures into a single measure of export performance (Diamantopoulos and Winklhofer, 2001; Katsikeas *et al.*, 2000). This is the approach incorporated here, this dimension of export performance is called: qualitative export performance. Satisfaction is defined as a compound psychological variable assessing the effectiveness of a marketing program in terms of performance (Lages and Montgomery, 2004). Furthermore, the measurement of export performance should include quantitative indicators that objectively reflect the results of firms in foreign markets. These indicators are related to sales, market share, etc. (Leounidou *et al.*, 2002). In this study, the growth of export sales over three years have been included as quantitative indicators. This dimension is called quantitative export performance. Therefore, export performance is measured as a construct consisting of two dimensions: qualitative (satisfaction with export performance) and quantitative (growth in export sales over three years).

3.2. PERCEIVED POSITIONAL ADVANTAGES IN FOREIGN MARKETS

Kaleka (2002) and Morgan *et al.* (2004) point out that the competitive advantages deriving from exports constitute the position the firm achieves in relation to the combination of cost, product and service elements in a particular foreign market. Cost advantage involves the resources consumed in producing and marketing firm value offered and affects price and perceived value in the export market. Product advantage denotes quality, design, and other product attributes that differentiate the firm value offered from those of competitors. Service advantage includes service related components of the value offered, such as delivery speed and reliability and after-sales service quality. Moreover, evaluating a firm's competitive advantage implies collecting information about customers' perceptions of the firm's products and services, or investigating the explanatory factors (resources and capabilities) of each firm's position in the market compared to its competitors. For that reason, we adopted an approach that previous research has also taken (Albaum *et al.*, 2003; Ling-Yee and Ogunmokun, 2001). We define export competitive advantage as a firm's perceived (managers' perceptions) competitive strength relative to competitors in export markets.

Perceived competitive advantages in foreign markets are direct antecedents of export performance, because the relative superiority of a firm's value offered determines target customers' buying behaviours and the outcomes of this behaviour for the export performance (Cavusgil and Zou, 1994; Zou, *et al.*, 2003). The above leads to the first research hypothesis:

H1. Perceived competitive advantages in foreign markets have a positive effect on export performance.

3.3. ADAPTATION OF EXPORT MARKETING-MIX

The standardization marketing program involves the offering of identical product lines at equivalent prices through identical distribution systems, supported by similar promotional programs in several different countries (Levitt, 1983). Various researchers recommend using a standardization strategy when the firm's target foreign markets behave similarly (Kustin, 2004; Özsomer and Simonin, 2004). Opponents of standardized strategies have pointed out that though socioeconomic trends in some market segments may be converging, national cultures, local market conditions, public policies and regulations across markets and consumer reactions to standardized strategies may be diverging (Douglas and Wind, 1987; Griffith *et al.*, 2006). For this reason, Albaum and Tse (2001) point out that

adaptation is inevitable after a firm successfully enters its foreign markets. The adaptation of export marketing-mix implies the change of any attribute of product (label, brand name, etc.), price, distribution and/or promotional program to fit the particularities of each country-market (culture, individual income, consumer tastes and preferences, etc.).

In any case, two extreme positions, standardization versus adaptation, are impossible to implement strictly, because, as the contingency approach indicates, the degree of adaptation versus standardization is a function of products' characteristics, industry, market, organization, and environmental characteristics (Calantone *et al.*, 2006). In this context, researchers prefer to speak about different degrees of standardization or adaptation in the export marketing strategy (Lages and Montgomery, 2004; Theodosiou and Leonidou, 2003). Consequently, we evaluate export marketing strategy along the standardization-adaptation continuum, concentrated in the degree of adaptation of four marketing tactics (product, price, distribution and promotion). In this sense, we view the adaptation of an export marketing strategy in terms of the degree to which the marketing tactics are adapted for export markets to accommodate differences in environmental forces, consumer behaviour, usage patterns, and competitive situations (Cavusgil and Zou, 1994).

The literature suggests that a firm's capability to achieve and sustain positional advantages in foreign markets is closely linked to the efficient and effective execution of a planned export marketing strategy (Sousa *et al.*, 2008). In this context, some authors (e.g., Morgan *et al.*, 2004; O'Cass and Julian, 2003) argue that developing a differentiated marketing strategy in foreign markets requires the firm to adapt to needs and desires of the target markets. More specifically, when the firm adapts its marketing-mix elements to the idiosyncrasies of the different country-markets, its products are more likely to be perceived as offering superior value compared to those of its rivals, and positive outcomes can be expected for the firm (Theodosiou and Leonidou, 2003). Therefore, we hypothesize the following:

H2: Marketing-mix adaptation is positively related to perceived positional advantages in foreign markets.

Several benefits can be derived from the adaptation of export marketing tactics: (1) they allow the firm to adjust its offer to the particular characteristics of each market, which reduces foreign consumers' uncertainty, or psychological distance (Madsen, 1998); (2) they improve relationships with local intermediaries (Shoham, 1999), and (3) the firm can attain a greater profitability, as a better product-market match can result in greater customer satisfaction, which can give greater pricing freedom vis-à-vis competitors (Leonidou *et al.*, 2002). Therefore, adaptation of export marketing tactics enhances export performance (Zou and Cavusgil, 2002). For this reason, we proposed that adapting the price, communication, product and distribution to the needs and expectations of foreign consumers is positively associated with performance in international markets. Therefore, the following research hypothesis captures this idea:

H3. Adapting the marketing-mix elements has a positive effect on export performance.

3.4. EXPORT COMMITMENT

The export commitment is a strategic factor that determines the resources allocated to the firm's foreign trade operations and it is fundamental for progress and continuous improvement in export markets (Navarro *et al.*, 2010b). Researchers consider commitment from two different perspectives: attitudinal and behavioural (Stump *et al.*, 1999). From the attitudinal perspective, export commitment can be defined as managers' willingness to dedicate financial, managerial and human resources to the export activity (Donthu and Kim, 1993). On the other hand, from the behavioural perspective (used in this study) export commitment is defined by the resources (financial, managerial and human) the firm currently dedicates to foreign trade operations to achieve the results expected by its managers, as well as the difficulty in finding alternative uses for these resources (Pauwels and Matthyssens, 1999).

A firm's export commitment can be shown in many different ways, but nothing reflects a firm's export commitment like its desire to adapt to meeting the wants, needs and expectations of its foreign

customers, which will mean adapting those elements of the marketing program that require modification (Navarro *et al.*, 2010b). Therefore, the following research hypothesis captures this idea:

H4. The firm's export commitment has a positive effect on the adaptation of the export marketing-mix elements to the needs of foreign markets.

In the other hand, export commitment serves to increase and configure information flows from the marketplace to reduce the uncertainty and risks related to exporting. It enables a firm to allocate resources correctly and proactively to ongoing exporting activities (Styles and Ambler, 2000) and to achieve positional advantages overseas. In summary, export commitment enables a firm to organize marketing strategy activities so that these can be implemented, with less difficulty, to achieve advantage in competitive export markets. These arguments give rise to the following:

H5. Export commitment is positively related to perceived positional advantages in foreign markets.

Moreover, export commitment will increase managers' willingness to make efforts to achieve the international objectives they have set for their firm, offering strategic guidelines that will orientate their decision making in the foreign markets (Lages and Montgomery, 2004). All this will improve the efficiency and effectiveness of the resource allocation, providing an essential stimulus to boost both international sales and managers' satisfaction with the firm's export performance. Various studies find evidence of this positive relation between export commitment and export performance (e.g., Cavusgil and Zou, 1994; Donthu and Kim, 1993; Navarro *et al.*, 2010a; O'Cass and Julian, 2003). Consequently, the following research hypothesis is as follows:

H6. The firm's export commitment has a positive effect on export performance.

3.5. EXPORT STRATEGIC ORIENTATION

Export Market Orientation

In line with Cadogan *et al.* (1999), we define EMO activities as (1) the generation of market intelligence pertinent to the firm's exporting operations; (2) the dissemination of this information to appropriate decision makers; and (3) the design and implementation of responses directed toward export customers, export competitors, and other extraneous export market factors that affect the firm and its ability to provide superior value to export customers. Carrying out EMO activities in the organization reduces the psychological barriers associated to internationalization processes and increases confidence in the decision making (Cadogan *et al.*, 2002). One of the main consequences is its reinforcement of managers' commitment to seek and exploit commercial opportunities in the foreign markets (Armario *et al.*, 2008). In this sense, EMO can be conceived as a dynamic capability that, associated with organizational learning reinforces the managers' commitment to the export process and so increases the level of financial, human, and managerial resources the managers dedicate to exporting (Navarro *et al.*, 2010b). These ideas are reflected in the following hypothesis:

H7: EMO is positively related to export commitment.

In the other hand, firms with a strong EMO will be more active in their search for, and better able to identify and take advantage of, opportunities emerging in overseas markets than firms lacking this capability. The generation of knowledge about foreign markets can effectively reduce the levels of uncertainty and risk associated with export activity. Knowledgeable firms should behave more proactively and confidently in adapting to the desires and needs of each national market (Racela *et al.*, 2007). Specifically, firms that have relevant information about their foreign markets are likely to be more willing to make adaptations to their products, prices, promotions, and so on, than other firms that lack such information and make their decisions on the basis of intuition (Cadogan and Diamantopoulos, 1995). Therefore, we hypothesize the following:

H8: EMO is positively related to marketing-mix adaptation.

Export Managers Motivations

Filatotchev *et al.* (2009) show that a firm's progress through its internationalization process is strongly associated with managers' motivations, perceptions and attitudes. In this context, Francis and Collins-Dodd (2000) defined strategic export orientation as the degree to which various motivations underlie export behaviour. In this context, some authors (Wood and Robertson, 1997; Navarro *et al.*, 2011) refer to proactive export motivations to make reference to the degree to which managers see exports as a logical source of expansion for their businesses. This means recognizing the importance of export sales and foreign markets for survival and growth of the company. And, these managers show willingness to the identification of opportunities in foreign markets through market research and permanent contact with distributors and foreign consumers (Francis and Collins-Dodd, 2000).

The proactive export motivations reduces the psychological barriers in the decision making associated to the export process, making the management show a more active, dynamic behaviour in the search for business opportunities in the foreign markets. Managers consequently develop more effective practices for capturing and processing information about the needs and preference of the foreign consumers (Zou and Cavusgil, 2002). This allows the organization to design better and faster responses to customer, competitors, and other external factors of the foreign markets (Cadogan and Cui, 2004). This lead to the following hypothesis:

H9. Proactive export manager motivations have a positive effect on EMO.

Moreover, these proactive motivations of export managers will generate positive expectations about export activities. And these motivations lead the company to commit a greater number of financial, human and managers resources in their foreign trade operations (Francis and Collins-Dodd, 2000; Navarro *et al.*, 2010a). This will result in a greater commitment to exporting activities, supporting the following research hypothesis:

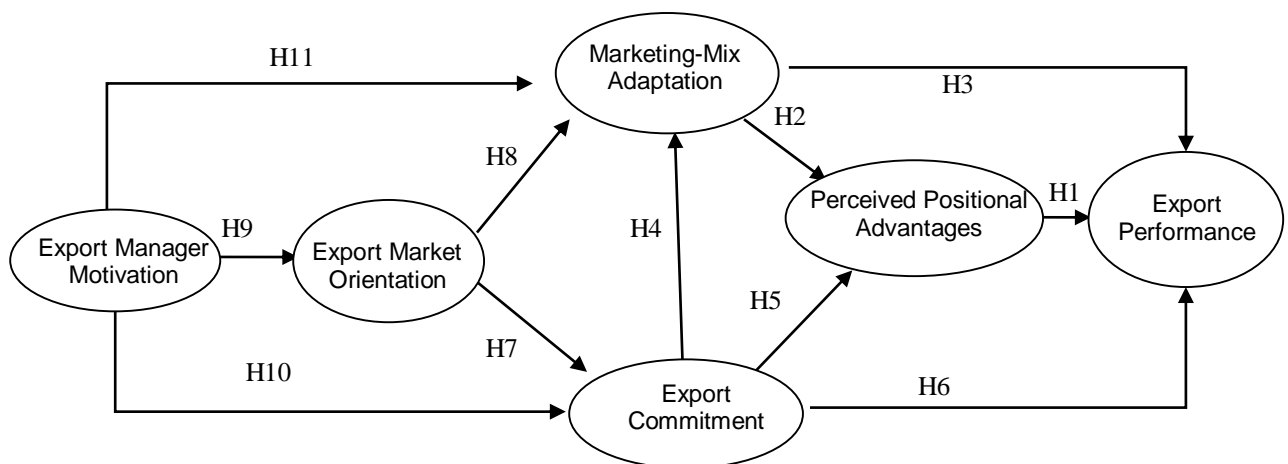
H10. Proactive export manager motivations have a positive effect on export commitment.

Finally, export manager motivations also influence strategic marketing decisions. When these motivations are conservative or reactive, the head team of the exporting company is likely to be reluctant to make changes or adjustments required in the product, price, etc., according to the requirements of foreign markets (Griffith *et al.*, 2006). The reverse occurs when motivations of export manager are proactive towards exports. These arguments lead to the following research hypothesis:

H11. Proactive export managers' motivations have a positive effect on marketing-mix adaptation.

Figure 1 shows the conceptual proposed model.

FIGURE 1
Graphical description of the model



4. HETEROGENEITY OF EXPORT STRATEGY ORIENTARION

The extant literature on the existence of different types of export firms in function of a series of variables is both scarce and highly fragmented. Some years ago, McGuinness and Little (1981) observe the existence of different levels of international commitment according to firm characteristics and managers' perceptions of the export activity. Cooper and Kleinschmidt (1985) apply segmentation techniques and identify eight types of marketing strategies potentially applicable in the foreign markets. The differences concern the adaptations needed in the export products and the decisions regarding the choice of markets. Wood and Robertson (1997) distinguish between proactive and reactive export strategy orientations based on various factors. They showed that proactive export strategic orientation affects positively exports success, but the reverse occurs in the case of reactive export strategic orientation. More recently, Morgan *et al.* (2004), using a model of antecedents of export venture performance, argue for the possible existence of different archetypes of exporters depending on the resources and capabilities available, managers' orientations, and perceptions about export activity. In a similar line, Filatotchev *et al.* (2009) examine the relations between the firm's export orientation and its research and development intensity, international experience and presence, and knowledge transfer.

Nevertheless, according to our knowledge, none of the previous works study heterogeneity of the export firms analyzed on the basis of the export strategic orientation and their consequences on export activity. With the aim of helping to fill this gap in the literature, the current study uses segmentation techniques on the basis of the model of relations between the variables proposed in the conceptual model. Concretely, the latent cluster segmentation (LC segmentation) has been used. It may be assumed that parameters of a model are heterogeneous across consumers and follow a certain distribution among the population. This distribution can be assumed to be either continuous or discrete (Wedel and Kamakura, 2000; Rondan-Cataluña *et al.*, 2010). LC models, present a powerful tool for market segmentation taking into account non-observed heterogeneity. This model estimates utilities for each segment and the probability that each firm belongs to each segment (Wilson-Jeanselme and Reynolds, 2006). A large number of such models have been developed, and several studies have demonstrated their superior performance over traditional clustering-based techniques (DeSarbo and Wedel, 1994). Specifically, the creation of a-posteriori segments is another advantage over other segmentation techniques, because a priori segments may be apparently distinct but may not behave differently with respect to the variables analysed in the study (DeSarbo *et al.*, 2001). Summarising, an LC cluster model identifies clusters that group firms that share similar interests or characteristics. Some advantages over traditional cluster analysis are embodied in probability-based classification. Cases are classified into groups based upon membership probabilities estimated directly from the model (Bond and Morris, 2003; Vermunt and Magidson, 2003).

5. METHODOLOGY

5.1. MEASUREMENT SCALES

We based the measurement perspectives developed for our multi-item measures on MacKenzie *et al.* (2005) recommendations for distinguishing formative and reflective variables. First, we captured perceived positional advantages, marketing-mix adaptation, and export managers motivations as first-order formative constructs. For these, each item is related to a specific aspect of the measured construct, so they are not interchangeable (e.g., competitive advantage in costs does not necessarily confer advantage in distribution). Following Navarro *et al.* (2010a), we measured competitive advantages in foreign markets using the perception that the managers responsible for exports have about their firm's position compared to its main rivals and with respect to six areas: product differentiation, price, distribution, promotion, human resources, and cost. Following the recommendations of various authors (Lages and Montgomery, 2004; Leonidou *et al.*, 2002; Theodosiou and Leonidou, 2003), adaptation of marketing strategy to the foreign markets was measured by the degree to which the firm adapts its marketing-mix elements (product, price, distribution, and promotion) to the requirements of the foreign markets. Export manager motivations were measured using four indicators. The first one, export propensity (export sales/total sales) reflects

the reliance of export sales for the company (Bodur, 1994). The other three indicators: importance attributed to foreign markets compared to the home market, efforts dedicated to systematic investigation of foreign markets, and frequency of contacts with/visits to international distributors were obtained from the article of Francis and Collins-Dodd (2000). Second, we treated EMO as a second-order formative construct (Cadogan *et al.*, 2008; 2009), with three reflective dimensions (i.e., export intelligence generation, export intelligence dissemination, and export market responsiveness). We measured each dimension of EMO using three-item scales based on Cadogan *et al.*, (1999). Third, export performance has been considered as a second-order formative construct, with two formative dimensions (qualitative and quantitative export performance). Following Cadogan *et al.* (2002), qualitative export performance was measured through export managers' satisfaction with the effectiveness of a marketing program in terms of five objectives: growth of export sales, image of firm in foreign markets, profitability of export business, market share, and international expansion. Quantitative export performance was measured with the variables export sales growth in three years (Cavusgil and Zou, 1994). Finally, we considered export commitment as a first-order reflective construct. We measured export commitment from the behavioural perspective, defining the variable on the basis of the level of financial, human, and managerial resources that the firm currently allocates to its export activity (Stump *et al.*, 1999). The appendix describes the scales used to measure every construct included in the conceptual model.

5.2. DATA COLLECTION

We performed an empirical study of Spanish export firms. The sample is representative of the population of exporters whose headquarters are in Spain. With regard to the activity of Spanish export firms in general, data from the Ministry of Industry, Tourism and Commerce (2010) reveal a strong concentration of export activity in a small number of firms (1% of the exporters generate 64% of total exports) and a strong geographic concentration in the foreign markets (70% of the exports go to other European Union countries). The main sectors are capital goods (22%), automobiles (18%), and food (14%). After we built and refined the export firm data, the total population consisted of 1734 firms. We used a multi-industry sample to increase observed variance and reinforce the generalization of the findings (Morgan *et al.*, 2004). Data were collected through personal interviews with the export managers of 150 firms selected randomly (sampling error: $\pm 7.65\%$). The majority of the sample firms were small (68% with fewer than 50 employees) and allocated a small number of employees executing export-related tasks (81% with fewer than 5 export-related employees). More than half (59%) had assigned export managers, though a minority (33%) had an export department. Most firms had a great amount of experience in their business (66% with more than 16 years in their sector), but firms with a great amount of experience in international business were a minority (59% with less than 10 years of exporting). Finally, the majority of sample firms had a strong concentration of export sales in few markets (93% exported to five or fewer countries).

We selected a single key informant in each firm to report on its export activity. Use of a knowledgeable, single key informant can reduce the potential for systematic and random sources of error (Huber and Power, 1985). To ensure the reliability of data source, we required the respondents to be senior managers with a responsibility for exporting. A specific section of the questionnaire asked respondents for their job title and assessed their competency in terms of knowledge of, involvement with, and responsibilities in exporting. High scores on the competency questions indicated that potential sources of measurement error attributable to the key informant were minimized.

5.3. DATA ANALYSIS TECHNIQUES

To analyse the data and evaluate the relations between the different constructs, we chose structural equations modelling via PLS (partial least squares), in view of the characteristics of the model and sample (Reinartz *et al.*, 2009). We used the statistics package SmartPLS 2.0 M3 (Ringle *et al.*, 2005) to carry out the empirical analysis. To achieve the second proposed research objective of this work – the identification of different patterns or latent classes using the variables of the general model- and given the choice between a large number of possible techniques, we decided to use the latent cluster

model using Latent Gold 4.0 software. This tool is considered an appropriate technique to capture the heterogeneity in segmentation (Vermunt and Magidson, 2003).

5.4. EVALUATION OF MEASUREMENT MODEL

To interpret and analyse the proposed model using PLS the analysis went through two distinct stages (Barclay *et al.*, 1995): (1) evaluation of the measurement model; and (2) analysis of the structural model. This sequence ensures that the proposed measurement scales are valid and reliable before testing the hypotheses. For the reflective scales, the factor loadings were all above the recommended 0.7 (Carmines and Zeller, 1979). The composite reliability and average variance extracted (AVE) values also exceeded the recommended values of 0.7 and 0.5, respectively (Fornell and Larcker, 1981). Thus, the results support the convergent validity of the reflective scales considered in this study (the three dimensions of EMO and export commitment) (table 1). Finally, to ensure the discriminant validity, we confirmed that the squared correlations between each pair of constructs did not exceed the AVE (Barclay *et al.*, 1995). We also checked that the inter-correlations between constructs were significantly different from 1, which provided additional evidence of the discriminant validity.

To validate the formative scales we followed Diamantopoulos *et al.* (2008) recommendations. We could not omit or eliminate any of the indicators of the scales because the information was important, so we ensured the absence of multicollinearity using the variance inflation factor (VIF). In all cases (first- and second-order formative) the VIF was less than the recommended value of 10 (Kleinbaum *et al.*, 1988) (table 1).

TABLE 1
Evaluation of measurement model

CONSTRUCT/Dimension/Indicator	Variance Inflation Factor	Weight	Factor Loading	Composite Reliability (ρ_c)	Average Variance Extracted
EXPORT MANAGERS MOTIVATIONS (formative construct)					
<i>EMM1</i>	1.727	0.075		<i>n.a.</i>	<i>n.a.</i>
<i>EMM2</i>	1.846	0.472			
<i>EMM3</i>	1.823	0.483			
<i>EMM4</i>	1.352	0.182			
EXPORT MARKET ORIENTATION (Second-order formative construct)					
<i>Generation of market intelligence (first-order reflective construct)</i>	1.981	0.423		0.942	0.846
<i>GEN1</i>			0.869		
<i>GEN2</i>			0.937		
<i>GEN3</i>			0.950		
<i>Dissemination of market intelligence (first-order reflective construct)</i>	2.379	0.074		0.909	0.768
<i>DIS1</i>			0.852		
<i>DIS2</i>			0.903		
<i>DIS3</i>			0.873		
<i>Response to market (first-order reflective construct)</i>	2.143	0.615		0.949	0.861
<i>RESP1</i>			0.905		
<i>RESP2</i>			0.934		
<i>RESP3</i>			0.943		
EXPORT COMMITMENT (reflective construct)					
<i>COMM1</i>	1.457		0.735	0.844	0.577
<i>COMM2</i>	1.476		0.692		
<i>COMM3</i>	1.792		0.874		
<i>COMM4</i>	1.460		0.725		
ADAPTATION MARKETING-MIX (formative construct)					
<i>PROD</i>	2.418	0.288			
<i>PREC</i>	2.014	0.219			
<i>DIST</i>	2.313	-0.032			
<i>PROM</i>	1.648	0.677			
PERCEIVED COMPETITIVE ADVANTAGES (formative construct)					
<i>ADV1</i>	1.167	0.152			
<i>ADV2</i>	1.539	0.179			
<i>ADV3</i>	1.896	-0.193			
<i>ADV4</i>	1.986	0.349			
<i>ADV5</i>	2.192	0.510			
<i>ADV6</i>	1.694	0.284			
EXPORT PERFORMANCE (Second-order formative construct)					
<i>Quantitative Export Performance (formative construct)</i>	1.061	0.219		<i>n.a.</i>	<i>n.a.</i>

Crev_2000	1.602	0.810		
Crev_2001	2.493	0.421		
Crev_2002	1.793	0.740		
Qualitative Export Performance (formative construct)	1.061	0.933	n.a.	n.a.
SAT1	1.023	0.136		
SAT2	1.222	0.352		
SAT3	1.393	0.038		
SAT4	1.421	0.556		
SAT5	1.194	0.343		
n.a.: no aplicable				

6. RESULTS

6.1 HYPOTHESIS TESTS: PARAMETERS OF STRUCTURAL MODEL

After having ensured the convergent and discriminant validity of the measurement model, we tested the relations between the different variables. We started by calculating, using the bootstrap method (1000 subsamples), the different statistical parameters (Table 2). Although many researchers opt for 500 subsamples in their studies, and this is sufficient, in the current work we decided to use 1000 to reduce the randomness (Davidson and MacKinnon, 2000).

The hypothesis tests considered the sign and significance of t-values in each relation (β coefficient). Of the eleven proposed hypotheses, eight were verified with the postulated sign. The rejected hypotheses are: hypothesis H3, which state that adapting the marketing-mix elements has a positive effect on export performance; hypothesis H4, which postulates that export commitment has a positive effect on adaptation of the marketing-mix elements and hypothesis H11, proposing that proactive export managers' motivations have a positive effect on marketing-mix adaptation. The variance explained values of the different endogenous constructs are given in the discussion section.

TABLE 2
Parameters from Hypothesis Tests

Hypothesis	β	t-value	Supported
H ₁ : Perceived Competitive Advantages in Foreign Markets- Export Performance	0.292	2.304 ^{***}	Yes
H ₂ : Marketing-Mix Adaptation- Perceived Competitive Advantages in Foreign Markets	0.569	9.070 ^{***}	Yes
H ₃ : Marketing-Mix Adaptation- Export Performance	0.077	0.755 ^{ns}	No
H ₄ : Export Commitment- Marketing-Mix Adaptation	-0.025	0.228 ^{ns}	No
H ₅ : Export Commitment- Perceived Competitive Advantages in Foreign Markets	0.151	1.764 [*]	Yes
H ₆ : Export Commitment – Export Performance	0.404	5.567 ^{***}	Yes
H ₇ : EMO- Export Commitment	0.480	5.815 ^{***}	Yes
H ₈ : EMO- Marketing-Mix Adaptation	0.361	2.892 ^{***}	Yes
H ₉ : Proactive Export Managers Motivations- EMO	0.715	16.793 ^{***}	Yes
H ₁₀ : Proactive Export Managers Motivations- Export Commitment	0.213	2.391 ^{***}	Yes
H ₁₁ : Proactive Export Managers Motivations- Marketing-Mix Adaptation	0.176	1.324 ^{ns}	No
Notes: ns = nonsignificant (one-tailed t ₍₉₉₉₎ test). *** p < 0.001, ** p < 0.01, * p < 0.05			

6.2. ANALYSIS OF HETEROGENEITY IN THE SAMPLE

According to table 3, the 5-cluster model obtains the minimum (Bayesian Information Criterion) BIC. The optimum number of clusters is thus five, because it minimises the BIC index. However, 3-cluster model has a BIC index a bit higher (0.15%) than 5-cluster model but the first one has a number of parameters to estimate 27.7 % lower than the second. In such case, we have decided to use 3-cluster

model in order to obtain a more parsimonious model, because BIC is slightly higher but the number of parameters is significantly lower than 5-cluster model. With regard to Wald test that measures the discriminant power of each variable in each group or segment, all the variables used, except growth of export sales in 2000 and 2001, show p-values under 0.05. This means that average values in 33 of the 35 variables of the model (see annex 1) differ significantly in the three clusters of firms.

TABLE 3
Latent class cluster selection

		LL	BIC(LL)	Npar	L ²	df	Class.Err.
Model1	1-Cluster	-5754.9764	12454.9581	208	11429.8604	-114	0
Model2	2-Cluster	-5373.1316	11873.0004	248	10666.1709	-154	0.0041
Model3	3-Cluster	-5276.2547	11860.9782	288	10472.417	-194	0.003
Model4	4-Cluster	-5185.1383	11860.4772	328	10290.1842	-234	0.0055
Model5	5-Cluster	-5085.7394	11843.4113	368	10091.3865	-274	0.005
Model6	6-Cluster	-5033.8024	11921.2691	408	9987.5124	-314	0.0026

In table 4, the profiles of the three segments of export companies are shown. According to table 4, cluster 1 is the biggest including more than 50% of firms, cluster 2 contains more than 40% of firms, and cluster 3 is the smallest one with only 7% of companies of the sample. Results show that firms from cluster 1 have the highest mean scores in the majority of variables, and companies from cluster 2 the lowest mean scores in almost all of them.

TABLE 4
Profile of segments

	Cluster1	Cluster2	Cluster3		Cluster1	Cluster2	Cluster3
Cluster Size	0.5078	0.4151	0.0771	Cluster Size	0.5078	0.4151	0.0771
Export Managers Motivations Indicators				Export Commitment Indicators			
EMM1 Mean	5.6463	2.0554	4.3109	COMM1 Mean	5.2611	2.7085	3.2991
EMM2 Mean	6.5758	3.8384	4.8756	COMM2 Mean	3.3681	1.0658	1.6012
EMM3 Mean	5.1853	2.9842	4.1437	COMM3 Mean	5.8382	3.2823	3.6200
EMM4 Mean	6.021	3.6449	4.8781	COMM4 Mean	4.52	2.7554	2.8514
EMO Indicators				Marketing-Mix Adaptation Indicators			
GEN1 Mean	6.1651	3.1087	3.0558	PROD Mean	6.0864	3.6948	6.6627
GEN2 Mean	6.0703	2.9199	3.5237	PREC Mean	5.9976	3.5736	6.5201
GEN3 Mean	6.1220	3.4718	3.4906	DIST Mean	5.8013	3.5063	5.9675
DIS1 Mean	6.2646	3.6523	4.2000	PROM Mean	5.1436	3.8047	6.4868
DIS2 Mean	5.9711	2.7591	3.8345	Export Performance Indicators			
DIS3 Mean	6.2859	3.3188	3.5092	Quantitative Export Performance Indicators			
RESP1 Mean	6.2252	3.0118	4.0090	CRE_2000 Mean	4.0385	3.0177	3.0310
RESP2 Mean	5.9702	3.2522	4.0858	CRE_2001 Mean	3.9571	3.2359	4.2552
RESP3 Mean	6.2246	3.7069	4.8265	CRE_2002 Mean	4.1011	2.8037	3.8394
Perceived Competitive Advantages Indicators				Qualitative Export Performance Indicators			
ADV1 Mean	5.3252	3.8343	6.6473	SAT_1 Mean	4.9765	3.0319	4.1574
ADV2 Mean	5.0227	3.1567	6.2164	SAT2_2 Mean	5.8511	3.2409	5.9636
ADV3 Mean	5.0994	3.0370	6.2173	SAT_3 Mean	5.4175	3.9774	4.3051
ADV4 Mean	4.5179	3.1904	6.1873	SAT_4 Mean	4.9105	2.9628	4.1372
ADV5 Mean	5.0561	3.2984	6.4772	SAT_5 Mean	4.9531	3.0135	4.6871
ADV6 Mean	4.7539	3.7454	6.6131				

7. DISCUSSION AND CONTRIBUTIONS

The discussion is organized around the two main objectives of the current research. The first one is the validation of the proposed theoretical model. This model offers a suitable framework to explain how strategic orientation of export firms is an antecedent of business behavior, the achievement of competitive advantages and export performance.

Focusing on the relations between variables and taking the global model as reference, a number of conclusions can be drawn.

First, dimensions and scales proposed to assess the export performance are appropriate, and they are conceived as a multidimensional construct (second-order formative construct). Export performance has a variance explained of 37.6 % ($R^2 = 0.376$) and influences positively on export managers' perceptions of competitive advantages in foreign markets ($\beta = 0.292$, t -value = 2304), thus confirming H1. In this context, the competitive position plays an important role in determining export performance, and, from a strategic point of view, the company must develop operations oriented to attaining those advantages over competitors in foreign markets (Morgan *et al.*, 2004). The variance explained of perceived competitive advantages in foreign markets is 39.9%.

Second, although the marketing literature increasingly recommends adapting the marketing tactics to the wants and needs of foreign markets rather than relying on standardization (Lages and Montgomery, 2004; Shoham, 1999), the current research is not able to confirm the superiority of one strategy over the other (standardization versus adaptation), since this variable does not exert a direct effect on export performance ($\beta = 0.077$; t -value = 0.755). This fact takes us to reject H₃. This may be due, as Leonidou *et al.* (2002) indicate, to the moderating effect that other factors may exert on the international marketing strategy, such as size, international experience, managers' perceptions about internationalization, the organization's objectives in foreign markets, as well as the competitive intensity and the other variables of the environment (Cavusgil and Zou, 1994; O'Cass and Julian, 2003). However, the current research has found that firms that adapt their marketing-mix perceive that they obtain greater competitive advantages than their rivals in foreign markets ($\beta = 0.569$; t -value = 9.070), confirming H₂. The reason for this is that adapting the marketing-mix elements to the idiosyncrasies of the different country-markets reduces the so-called psychological distance, which makes it more likely that consumers will perceive the firm's products or services to offer greater value than those of its competitors (Theodosiou and Leonidou, 2003). This means that an indirect relation does exist between adaptation of the marketing program elements and the export performance via perceived competitive advantages. The variance explained of marketing-mix adaptation is 23.7% ($R^2=0.237$).

Third, export commitment, which has a variance explained of 42.2% ($R^2=0.422$), has a positive effect on managers' perceptions about the achievement of competitive advantages in the foreign markets and export performance, which supports hypothesis H5 ($\beta=0.151$; t -value=1.764) and H6 ($\beta=0.404$; t -value=5.567). This conclusion confirms the importance that other research has attributed to export commitment as a determinant of the international success of export firms (e.g., Cavusgil and Zou, 1994; Lages and Montgomery, 2004, Navarro *et al.*, 2010a). Nevertheless, export commitment has no effect on the strategic decisions in international marketing, which depend exclusively on the firm's EMO activities. Thus Hypothesis H₄ is rejected ($\beta= - 0.025$; t -value=0.228).

Fourth, as postulated, EMO is an essential firm strategic orientation determinant—having a positive effect—of both export commitment and the strategic decisions associated with adapting the marketing-mix elements to the requirements of the foreign markets. These results support hypotheses H₇ ($\beta=0.480$; t -value=5.815) and H₈ ($\beta=0.361$; t -value=2.892). The acquisition and dissemination of relevant market information reduce the uncertainty and risks associated with the export activity (Cadogan *et al.*, 2002; Racela *et al.*, 2007). This fact makes the firm to show a greater commitment to dedicating the necessary resources to exporting, and make the firm more likely to adapt to the needs and desires of each country-market (Armario *et al.*, 2008). The variance explained of the EMO construct is 51.2% ($R^2=0.512$).

Finally, the motivations of export managers, as an essential component of the organization's strategic orientation towards exports, are important determinants of entrepreneurial behavior in the international arena. In this context, the strategic orientation of managers can be seen as proactive when managers attach great importance to the export activity in relation to domestic, and when they tend to devote efforts to a systematic research of foreign markets, maintaining permanent contact through visits with overseas distributors and consumers (Francis and Collins-Dodd, 2000). This will reflect positively the practice of collecting and disseminating market intelligence, as well as on the design of quick marketing responses consistent with the requirements of foreign markets. This is to say, proactive export manager motivations influence positively on EMO activities ($\beta = 0.715$, t -value = 16.793), confirming H9. Likewise, proactive export manager motivations affect positively on business behavior related to commit financial, human and manager resources with export activity, this is export commitment ($\beta = 0.213$, t -value = 2391), confirming H10. However, pro-export policy do not have effect on strategic decisions (standardization vs. adaptation) of marketing-mix ($\beta = 0.176$, t -value = 1324), rejecting H11.

In summary, export strategic orientation is an essential antecedent of organizational behavior in foreign markets, because it is conditioning the compromise of financial, human and management resources that company devote to export activities. Furthermore, this orientation influence strategic decisions aimed at adapting the elements of marketing mix to the needs of foreign markets. This adaptation depends on the possession, interpretation and dissemination of relevant information on competitors and foreign consumers, i.e., EMO. Companies engaged in export activity and adjusting marketing-mix elements to foreign markets demand are more likely to build sustainable competitive advantages in international markets. This is the result of a proactive orientation of export managers and the development of EMO in the organization. This is indispensable for the continuous improvement of the organization and therefore for increasing the profits of firms in the international context.

Looking now at the second main objective of the current work—identifying and analyzing different latent classes in the sample in order to take into account heterogeneity among firms—it is important to understand that the different behaviors of the three groups found is due to their three very different ways of doing business in overseas markets.

Cluster 1 that is called "*Top Export Firms*" includes those companies whose managers show very proactive motivations towards exports, they attach great importance to international sales for the organization. This group of firms has the greatest export propensity (over 60% on average) and devotes more efforts to systematic foreign market research, maintaining a high level of contact with dealers and consumers in the country-markets where they operate. These are the companies that develop further generation and dissemination of market intelligence practices, facilitating the development of rapid and agile responses to demand of foreign consumers. The high level of export strategic orientation of firms included in this segment results in an intense export commitment. This fact makes this group of companies to show the most positive behaviors to allocate human, financial and managerial resources in export activity. They are companies that perform the necessary adaptations to marketing mix elements as required by foreign markets and whose managers perceive that their companies have competitive advantages in international markets. In general, these companies have obtained the highest growth in export sales in the last three years and their managers are more satisfied with international market performance. In future, these firms are likely to have managers showing more proactive attitudes towards exports (Navarro *et al.*, 2011), so we recommend keeping and adapting their business philosophy.

Firms from group 2 are the less proactive from the perspective of their export managers' motivations. This segment is called "*Conservative Export Firms*". They seem to use the foreign markets indistinctly and to consider export operations as a minor activity. Managers of these organizations do not perceived foreign markets as an important business for the company, focusing on the domestic market. The export propensity in this segment is less than 10%. They are not systematically investigating foreign markets, and the level of EMO is the lowest of the three groups, and much lower than the first segment. The degree of commitment to exporting activities in this group is insufficient. These companies tend to standardize marketing mix programs, taking this reactive decision as a result of

ignoring demands and needs of foreign markets. Their managers perceive that their competitors have competitive advantages in foreign markets that they do not have. These companies have the worst export performance, and their growth of export sales is below the average. In addition, their managers tend to be dissatisfied with the future of their international businesses. These companies will failure in their international adventures if they do not change their export strategic orientation.

The third group called "*Intuitive Export Firms*" is formed by only 7% of the firms of the sample (11 firms). This group is located between segments 1 and 2 from the perspective of export strategic orientation. Their export managers show proactive export motivations, but to a lesser extent than the first segment. The export propensity of firms in this segment is around 30-40%, hence their managers considered export activity as an important business for their organizations. They are willing to investigate foreign markets and to maintain some regularity in the visits and contacts with foreign distributors and consumers. However, their level of EMO and their commitment to export activities tend to be low. Surprisingly, this group of companies shows the highest levels of marketing-mix adaptation to foreign markets, and this strategic decision makes them perceived the largest competitive advantages in international markets. However, the growth of export sales has not been high, but managers of these firms are relatively satisfied with export performance. In this group of companies would be advisable to improve EMO practices and raise the level of export commitment. In this way, business performance could be improved.

Ultimately, this work demonstrates the importance of considering heterogeneity of firms from the export strategic orientation perspective, in relation to business behavior in the international arena and to achieve competitive advantages and success in foreign markets.

8. LIMITATIONS AND FUTURE LINES OF RESEARCH

This study offers important and novel contributions to the export marketing literature, but it has a number of limitations which will represent the starting point for future lines of research. The first limitation concerns the type of study carried out, since it is based on information obtained at a specific moment in time. It would be recommendable in future work to carry out a longitudinal study to analyze how variations in the organization's export strategic orientation affect (1) company behaviour in the international scope, (2) achievement of competitive advantages in foreign markets and (3) export performance. The second limitation regards the fact that the sample comes from a single country. In order to generalize the conclusions drawn here, firms from a wider geographic area should be included in the analysis. The third limitation concerns the measurement of the adaptation of the marketing-mix elements, since the decisions about price, product, promotion and distribution are considered globally, in one scale. It might be more appropriate to analyze individually the degree of adaptation of each marketing component to the needs of the foreign markets (Lages and Montgomery, 2004). The final limitation concerns the potential effect on the variables examined here of other factors not considered in the current study. Thus in future work researchers could consider, for example, the characteristics of the product exported, the sector of activity, the quality of the relationships with the international distributors, or the organization's dynamic capabilities (Leonidou *et al.*, 2002).

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APPENDIX 1: MEASUREMENT SCALES

Export Manager Motivations

EMM1	Firm's export propensity (export sales/ total sales)
EMM2	Importance of foreign markets compared to home market (1=Much less; 7= Much more)
EMM3	Efforts expended by firm to investigate foreign markets systematically (1= None; 7= Considerable)
EMM4	Frequency of visits/contacts with foreign distributors in foreign markets (1= None; 7= Very high)

Export Market Orientation

The following block of questions evaluates your firm's level of export market orientation using a scale 1-7 (1= totally disagree; 7=totally agree)

Generation of market intelligence	
GEN1	My firm systematically collects information about its foreign markets (needs, desires, satisfaction with its products...)
GEN2	My firm systematically collects information about the actions of its rivals in the foreign markets (price policy, product, market segments targeted...)
GEN3	My firm systematically collects information about the changes occurring in its export environment (technology, regulations, economic aspects...)
Dissemination of market intelligence	
DIS1	In my firm, there is a fluent communication between the different departments/staff about the changes occurring in its export markets (competition and environment)
DIS2	In my firm, meetings are held periodically to discuss the trends and developments of its export markets
DIS3	In my firm, there is a strong cooperation between staff responsible for exports and other departments (R&D, finance, accounts...)
Response to market	
RESP1	My firm tends to respond rapidly to changes detected in relation to its foreign customers
RESP2	My firm tends to respond rapidly to changes detected in relation to its foreign rivals
RESP3	My firm tends to respond rapidly to changes detected in its export environment

Export Commitment

Answer the following questions using a scale 1-7 (1=Very low; 7=Very high)

COMM1	The level of time and effort the managers dedicate to the firm's export activity is...
COMM2	The level of financial resources currently dedicated to the firm's export activity is...
COMM3	The level of human resources currently dedicated to the firm's export activity is...
COMM4	Compared to the Spanish market. the resources dedicated to the firm's export activity are...

Adaptation of Marketing-Mix Elements

Answer the following questions using a scale 1-7 (1=None; 7=Considerable)

Adaptations made in...

PROD	Product
PRIC	Price
DIST	Distribution
PROM	Promotion

Perceived Competitive Advantages in Foreign Markets

Indicate your firm's competitive position in its foreign markets in relation to its main rivals using a scale 1-7 (1=Much worse; 7=Much better)

ADV1	Product differentiation
ADV2	Price
ADV3	Distribution
ADV4	Promotion
ADV5	Human resources
ADV6	Costs

Export Performance

- Quantitative dimension: State growth in your firm's export sales in each of past 3 years: (1) negative; (2) zero; (3) 1-5%; (4) 6-10%; (5) 11-15%; (6) 16-20%; (7) > 20%

- Qualitative dimension: State managers' satisfaction with results of your firm's export activity: scale 1-7 (1= Totally unsatisfied; 7= Totally satisfied)

SAT1	Growth in export sales
SAT2	Awareness and image of firm in foreign markets
SAT3	Profitability of export activity
SAT4	Market share
SAT5	Firm's international expansion