

DOCTORAL THESIS

**INTERNATIONALISATION AND INTERNATIONAL MARKETING:
EXPORT BEHAVIOUR, INTERNATIONAL MARKETING STRATEGY
AND EXPORT PERFORMANCE IN SPANISH SMALL AND MEDIUM-
SIZED ENTERPRISES**

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Abstract

The present dissertation aims to contribute to the international business and marketing literature by shedding light on the export behaviour and performance of small and medium enterprises (SMEs), in the Spanish geographical context, which represents one of the European settings characterised by high SMEs density and workforce employed by these enterprises. Spain's economic growth is vastly dependent on the results of the export activity. In spite of their relevance, there is a scarcity of research in the SME export centred literature, within the Spanish context, thus it becomes apparent that more investigations should be carried out in this particular setting.

In this sense, the present study identifies and proposes for further analysis the following topics of increased importance for SMEs' export activity and performance: 1) The role played by managerial characteristics and perceptions in determining export involvement and expansion; 2) The influence the internal and external determinants have on objective export performance and satisfaction with export performance and the potential impact of certain dimensions of export performance on other export performance dimensions; 3) The influence the standardisation/adaptation of the overall international marketing strategy has on objective export performance and satisfaction with export performance, simultaneously investigating how this relationship is moderated by certain internal and external determinants.

Theoretical support is provided by several approaches: the gradualist approach to the internationalisation phenomenon, the Resource Based View (RBV) applied in the international context, the network theory and the contingency approach to the international marketing strategy. Both qualitative (Chapter 1) and quantitative (Chapter 2 and 3) methodologies have been combined for the completion of this dissertation. By employing the qualitative methodology based on in-depth case studies profound understanding of the internationalisation process in Spanish SMEs was gained. Consequently, a structured questionnaire was developed for further carrying out the quantitative study.

Data was collected through an online survey addressed to the decision maker in charge of the export activity in Spanish SMEs. For empirically treating the quantitative data univariate and multivariate analysis with the Statistical Package for the Social Sciences (SPSS) and Structural Equation Modelling (SEM) - Analysis of Moment Structures (AMOS) were performed.

The results show that, concurring with the RBV, decision maker's role, particularly his/her international outlook appears to be crucial for SME's export activity. Nevertheless, the influence of certain managerial characteristics and perceptions seems to be more prominent according to the internationalisation stage or to have a stronger impact on some export performance indicators. The findings also reveal the existence of a positive relationship between the objective export performance (export intensity and the number of export markets and zones) and the subjective export performance (managerial satisfaction with export position, export profitability and new market entry), relationship that to the best of our knowledge has not been explored before. Moreover, the empirical results display that successful export performance could be achieved by employing either a more standardised or a more adapted overall level of the international marketing strategy. Standardisation and adaptation should not be considered, in isolation, as pure strategies, but rather should be understood from a contingency perspective which suggests a balance between the

standardisation and the adaptation of international marketing strategy would lead to increased export performance. This study identified three internal and external contingent variables, namely the size of the firm, the technological intensity of the industry and the environmental factors, that moderate the relation established between the overall international marketing strategy and export performance, measured both in an objective and a subjective manner.

Regarding the implications for practitioners, decision makers should be aware that, presently, due to rapid technological development along with the removal of various trade barriers, entering overseas markets is not bearing as much risk as it used to in the past, while representing a viable alternative for firm's growth and pursuit of higher profits. The fundamental role in improving objective export performance is played by their own foreign language skills, international business knowledge and firm's commitment to exporting, hence efforts should be directed towards acquiring these abilities as well as devoting resources to the export operations, in a systematic and organised manner. Therefore, policy initiatives should also aim at enhancing the development of decision maker's international outlook with a view to successfully formulating and putting into practice internationalisation strategies.

As future research directions it would be interesting to replicate similar studies in distinct geographical contexts, so the results could be generalised to larger populations. Longitudinal analysis should also be conducted, thus complex constructs such as the degree of international orientation of the decision maker, the standardisation/adaptation of the international marketing strategy or the export performance could be analysed from a time-based perspective, allowing for the investigation of composite cause-effect relationships.

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1. Introduction of the Dissertation

1.1 Background of the Dissertation

Small and medium enterprises (SMEs) play an pivotal role in generating economic well-being for most countries (Acs, Morck, Shaver, & Yeung, 1997; Brouthers & Nakos, 2005; Karandeniz & Göçer, 2007; Katsikeas, Bell, & Morgan, 1998; Nieto & Fernández, 2006) especially as they represent the main part of the industrial base (Sousa, 2004). At the European Union (EU) level there are approximately 23 million SMEs which generate around 100 million workplaces and represent more than 99 per cent of the total population of EU enterprises. Therefore, they are crucial for the well functioning of the European economy (Puente, 2009). Within the EU-27 there was an average of 39.9 SMEs within the non-financial business economy¹ per 1000 inhabitants in 2005. The highest densities of SMEs were recorded in the Czech Republic (86.0), Portugal (80.5), followed by three Mediterranean countries: Greece, Italy and Spain (Figure 1.1) (EUROSTAT, 2008).

(“Insert Figure 1.1 about here”)

Regarding the overall importance of SME business organisations for the national economies in Europe there are seven countries where the SME sector is employing more than three quarters of the workforce and which are clearly above the European average (67%): Cyprus (84%), Portugal and Greece (82%), Italy (81%) as well as Spain (79%), Estonia (78%) and Latvia (76%) (UEAPME, 2009).

¹ Non-financial business economy: NACE sections C to I and K.

Spain represents one of the European countries with high SMEs density as well as workforce employed by these enterprises. More precisely, at the Spanish level there are around 2.542 thousand SMEs (1-249 employees) which correspond to more than 99.9 percent of the total number of enterprises. They account for 68.5 percent of the Growth Domestic Product (GDP) and 79 percent of total employment (EUROSTAT, 2008) (Table 1.1).

(“Insert Table 1.1 about here”)

Numerous studies draw attention upon the direct link between internationalisation and increased SMEs performance. Pro-active internationalisation reinforces growth, enhances competitiveness as well as supports the long term sustainability of companies (European Commission, 2009). Globalisation has brought a shift to the economic environment of the European SME. The progressively disappearing barriers and borders, the vastly improved logistics and communications systems available to all companies together with the information technology revolution are exposing all companies both to new markets and to international competition. As a result, SMEs that do not consider internationalisation are unknowingly self imposing a severe restriction on their potential for long term survival (European Commission, 2007). Improving the international contributions of the small business sector is widely considered as an increasingly important policy priority in countries across the world. More specifically, according to the European Commission (2008) it is fundamental for Europe to increase the capacity and effective internationalisation of SMEs, which is well below its full potential. In order to enhance the international involvement of European SMEs, the European Commission launched a project for “Supporting the internationalisation of SMEs” to understand the barriers that hinder greater SME involvement on international operations and the drivers that foster the process (European Commission,

2009). Besides, all Member States possess a range of support measures to help smaller companies expand their international operations (European Commission, 2009). In this sense, The Spanish Institute for Foreign Trade (“Instituto Español de Comercio Exterior – ICEX”) provides sustained export support programs for SMEs regarding the export activity. For instance, the Program of Initiation of Exterior Promotion (“Plan de Iniciación a la Promoción Exterior – Programa PIPE”) which has as target Spanish SMEs interested in international involvement was enforced for helping firms to initiate or consolidate their internationalisation process aiming at reducing incoming costs and risks specific to this type of activities. Thus, Spanish SMEs could benefit from a free diagnostic regarding their competitive capacities, could be assisted by an expert advisor who offers guidance for the exporting process and could learn the steps and the typical procedures to follow in the internationalisation process, in this way decreasing both costs and risks associated with the international activity (ICEX, 2009a).

The growing importance of SMEs in today’s economies together with their increasing international involvement make it essential that we improve our knowledge of their internationalisation process (Fernández & Nieto, 2006). Although various internationalisation modes could be pursued, exporting represents a viable strategic option for firms to internationalise and has remained the most frequently used foreign market entry mode (Zhao & Zou, 2002) especially for many small and medium enterprises (SMEs) for which it is acknowledged to be the most popular, fastest, and easiest way of becoming international (Hultman, Robson, & Katsikeas, 2009; Leonidou, Katsikeas, Palihawadana, & Spyropoulou, 2007; Theodosiou & Katsikea, 2007). Undeniably, exporting activities gain particular importance for smaller firms’ survival, growth and long-term viability, since exporting represents a less resource-laden approach as compared with alternative foreign market entry

and expansion modes, such as joint ventures arrangements or manufacturing operations overseas (Morgan & Katsikeas, 1997).

Similar to many other EU countries, Spain's economic growth is dependent on the results of the export activity. Merchandise and commercial service exports have gradually increased after Spain joined the EU, in 1986, and have also been stimulated by the European Monetary Union (EMU), 2001. To be more precise, while the total exporting value was of 105 thousand million euros in 1999 it steadily increased to 147 thousand million euros in 2004 and further to 188 thousand million euros in 2008 (ICEX, 2009b). Currently, the Spanish economy presents a degree of international openness of approximately 65% to the gross domestic product (GDP) (Lucio, Mínguez, Valero, & Mednik, 2008) and ranked seventh for merchandise exports and fifth for commercial services exports among the EU countries, in 2005 (WTO, 2006). All together, these characteristics demonstrate that Spanish firms are strongly motivated to pursue and improve their international activity, thus the topic related to export performance and its potential determinants becomes essentially relevant in this context.

Moreover, there is a certain need for research to pay attention to European firms, as most studies on the export activity have focused either on companies based in the United States of America (USA) (Calantone, Kim, Schmidt, & Cavusgil, 2006) or on the Anglo-Saxon context in general, as recent reviews on export performance reveal (Sousa, 2004; Sousa, Martínez, & Coelho, 2008). In particular, Spain represents one of the European economic settings which has received limited research attention in the export centred literature (Suárez & Álamo, 2005).

1.2 Dissertation Purpose

For over fifty decades academics and governmental institutions have paid increased attention to identifying the potential drivers of export behaviour and performance. This aims not only at advancing the international business literature but also at providing useful support to practitioners. Nevertheless, various topics within the international business literature although have been frequently investigated still remain conflictive issues.

Particular to the case of SMEs is the fact that the reasons that move companies to internationalise are closely linked to the personal and professional experiences of the owner/manager and his/her views regarding the future of the firm, as commitment to exporting is likely to be determined by one individual or a small management team (Boter & Holmquist, 1996; Crick & Chaudhry, 1997; European Commission, 2007; Hutchinson, Quinn, & Alexander, 2006; Lautanen, 2000; Lloyd-Reason & Mughan, 2002; Welch & Luostarinen, 1988). As decision making in the SME is contingent upon managerial perceptions, it is doubtful that decisions for growth in foreign markets will be taken unless the management exhibits positive views regarding opportunities and potential barriers concerning international expansion (Vida, Reardon, & Fairhurst, 2000). Nevertheless, there is a lack of consensus among scholars as to what constitutes the managerial factor in determining exporting and what specific dimensions are influenced by management (Leonidou, Katsikeas, & Piercy, 1998).

Once involved in exporting, firms' survival and expansion and the consequent economic growth of numerous countries are strongly contingent upon a better comprehension of the determinants that influence their export performance (Sousa, Martínez, & Coelho, 2008). Numerous organisational and environmental factors may play a significant role in influencing

decision maker's perception regarding export behaviour. During the last four decades, many studies have related one or multiple of these determinants to export behaviour and performance, however most of them adopting either an internal perspective (managerial and/or organisational factors) or an external one (environmental factors), while only few have considered both groups simultaneously, thus no general agreement has been reached. In addition, scholars have argued that export performance is a complex phenomenon which should be assessed both from an objective and a subjective point of view and also that no attempt has been made to examine the relationship between objective and subjective export performance measures (Katsikeas, Leonidou, & Morgan, 2000). Recent studies highlighted that future research should consider the possibility that certain dimensions of export performance may act as determinants for some other export performance dimensions (Diamantopoulos & Kakkos, 2007; Sousa, Martínez, & Coelho, 2008).

The decision concerned with the standardisation versus adaptation of the international marketing strategy, which ultimately may determine export performance, has been, is and will be a research area of increasing interest for both academics as well as practitioners (Rosenbloom, Larsen, & Mehta, 1997; Viswanathan & Dickson, 2007; Waheeduzzaman & Dube, 2004). The desirability and/or feasibility of standardising or adapting the international marketing strategy have been subject to numerous controversial debates, however without reaching a general agreement, for more than fifty decades. Despite its relevance, the potential relationship established between the standardisation/adaptation of the international marketing strategy and the subsequent export performance, is characterised by a relative paucity and remains unresolved; therefore, further research attention is needed (Katsikeas, Samiee, & Theodosiou, 2006; Lages, 2000; Shoham & Albaum, 1994; Theodosiou & Leonidou, 2003; Waheeduzzaman & Dube, 2004; Zou, Andrus, & Norvell, 1997).

In this sense, the present study identifies and proposes for further analysis the following topics of increased importance for export activity and performance:

- The role played by managerial characteristics and perceptions in influencing export involvement and expansion.
- The influence the internal and external determinants have on export performance measured both objective and subjectively, as managerial satisfaction with export performance. In addition, this dissertation investigates the potential impact of certain dimensions of export performance on other export performance dimensions, relations that have received very little attention to the present.
- The impact the standardisation/adaptation of the overall international marketing strategy has on objective export performance and satisfaction with export performance, simultaneously investigating how this relationship is moderated by certain internal and external factors.

In light of the above mentioned, the general purpose of this dissertation focuses on investigating which are the relevant export determinants that may influence the export involvement, expansion and performance of Spanish exporting SMEs.

The following research questions are addressed and are to be developed in three independent chapters.

1.3 Research Questions

1. Which are the relevant managerial characteristics and perceptions and how do they influence the export behaviour (involvement and expansion) of Spanish SMEs?
2. Which internal (managerial and organisational) and external (environmental) determinants influence objective export performance and satisfaction with export performance? And does the objective export performance mode of assessment have an impact on the subjective one?
3. Does the standardisation/adaptation of the overall international marketing strategy influence objective export performance and satisfaction with export performance? And is this relationship moderated by certain internal and external factors?

1.4 Theoretical Underpinning

For seeking answers to the research questions mentioned above theoretical support was provided by several approaches. The gradualist approach to the internationalisation phenomenon, particularly appropriate for studying SMEs, conceptualises the internationalisation of the firm as a learning process based on the accumulation of experimental foreign market knowledge (Rialp & Rialp, 2001). Both the Uppsala internationalisation model (U-Model) (Johanson and Wiedersheim-Paul, 1975; Johanson and Vahlne, 1977; 1990) and the Innovation-related models (I-Models) (i.e. Bilkey & Tesar, 1977; Cavusgil, 1980; Czinkota, 1982; Reid, 1981) posit that internationalisation is an incremental process based on various stages that determine changes in the behaviour and commitment of the managers which are ultimately reflected on the international orientation of the firm. For enhancing the understanding of the internationalisation process of smaller firms, the network theory has also been considered. The international activity appears to be largely driven by network relationships which generally stem in SMEs from manager's personal contacts in foreign markets (Andersen, 2006; Coviello, Ghauri, & Martin, 1998; McDougall, Shane, &

Oviatt, 1994). Moreover, managerial and organisational experience in international business could be enhanced by the international experience acquired by other companies with which a network contact is maintained (Pla & Suárez, 2001). Drawing upon the Resource Based View (RBV), firm resources are sources of competitive advantages. Thus, an important implication of the RBV is that a wide range of individual, social and organisational phenomena within the firms might be sources of sustained competitive advantage (Barney, 1991). Furthermore, the significance attained by the RBV in the 1980s has led academics to base their arguments on intangible resources, which may be understood to be those assets, know-how and/or skills which are difficult to formalise and be reproduced by competitors. Hence, these intangible resources become strategic assets, generating a competitive advantage for the firm, and finally generating benefits (Delgado, Ramírez, & Espitia, 2004). Further developments relate this theory to the international context, suggesting that those firms which present unique bundles and combinations of resources stocks may have a higher proclivity towards internationalisation (Bloodgood, Sapienza, & Almeida, 1996). Following the Resource Based View, SME's manager may represent one of the most valuable, unique, and hard to imitate resources and firm's activities and commitment to exporting are most likely determined by one individual or a small managerial team. For understanding how the international marketing strategy may influence export performance three broad approaches have been considered in the international business literature: total standardisation, total adaptation and a contingency perspective. However, the present "state of art" of the international marketing literature reveals that neither total standardisation, nor total adaptation necessarily lead to superior export performance, but the attainment of an optimal fit between the international marketing strategy and the particular context in which the strategy is implemented, characterised by specific internal organisational characteristics and environmental forces. This contingency approach looks for a balance between international marketing strategy standardisation and

adaptation. It posits that no strategy is strictly better than the other. Standardisation or adaptation is not a dichotomous decision, but rather a matter of degree as marketing strategies are contingent upon internal and external factors (Hultman, Robson, & Katsikeas, 2009; Jain, 1989; Lages & Montgomery, 2004; Quelch & Hoff, 1986; Vrontis, 2003). More precisely, a firm that adapts its practices appropriately to its own characteristics and to the environment in which it operates would outperform firms that are not concerned with achieving a co-alignment between the international marketing strategy and the internal and external determinants, thus choosing an inappropriate degree of standardisation/adaptation (Dow, 2006). Therefore, this dissertation also relies on the contingent perspective which allows for various degrees of standardisation which are contingent on the internal organisational characteristics and the environmental forces (Zou, Andrus, & Norvell, 1997).

1.5 Research Methodology

For the completion of this dissertation both qualitative (Chapter 1) and quantitative (Chapter 2 and Chapter 3) methodologies have been combined.

For Chapter 1 which investigates initial export involvement and export expansion through managerial characteristics and perceptions a qualitative methodology was preferred following Yin (1989), leading to multiple case studies based mostly, but not only, upon in-depth, semi-structured interviews. The approach selected for this chapter is consistent with a growing trend towards the case-study method as a particularly valuable research technique in empirical studies in the marketing/entrepreneurship/internationalisation fields of research (Carson & Coviello, 1996; Coviello & Munro, 1997; Julien, Joyal, Deshaies, & Ramangalahy, 1997). The methodological approach is also motivated by the fact that, according to several qualitative methodologists (Eisenhardt, 1989; Maxwell, 1996; 1998; Yin, 1989; 1998) and

also international business/marketing researchers (Chetty, 1996; Merrilees & Tiessen, 1999), this research method allows dynamic, long-term decision-making processes, such as exporting, to be much more deeply investigated in particular firm settings. The conceptual, non-statistical sample used in the present study was originally selected from a larger Spanish firm Data Base (SABI). The companies chosen for subsequent analysis are four highly specialised and innovative Spanish exporting SMEs (coded as A, B, C, and D to preserve confidentiality). The following basic selection criteria were employed for constructing the purposeful sample: be currently active exporters in multiple markets worldwide with export intensity equal or higher to 25% of their total sales, be established in Spain, employ from one to 249 staff, and belong to different manufacturing sectors as main business activity). As a requirement to achieve construct validity, a combined use of the following multiple information sources was employed in the data collection process in order to establish a chain of evidence that allowed for several perspectives on each case firm: in-depth, semi-structured interviews with entrepreneurs, founders and/or managers deeply involved in the export decision-making processes in their respective firms, together with company websites, internal documentation provided by the company, product and firm brochures, and other secondary data. During the recorded interviews held by the research team and the informant/s in each firm (lasting 90 to 120 minutes on average) in May-June 2006, detailed notes were also taken by a second interviewer who was not actively involved in the interview process. Then, full write-ups were constructed on each company in the form of a detailed case study, focusing on the specific characteristics of each case situation. In this case composition phase, the interviewed decision-makers were also given the opportunity to add their suggestions and comments on several drafts of the case studies with the view of obtaining construct validity. Also, reliability requirements were assured by the use of the same research protocol for each specific company and by the development of a complete database in the data collection phase.

By employing the qualitative methodology based on in-depth case studies it was possible to verify which of the export behaviour determinants highlighted by the international business literature are relevant at present for enhancing the export performance of SMEs in the Spanish context. Consequently, in accordance to the results provided by the four interviews carried out, a new structured questionnaire was developed in September-October 2007, for further carrying out a qualitative study. In this way its comprehensibility was assured verifying as well which of the export performance determinants and measures highlighted by the international business literature were relevant in the specific context of this research. It is equally important mentioning that the interviews with the practitioners revealed a reticence of the respondents when asked to provide financial information regarding export performance in their companies. Thus, based on the constructive feedback received from the export managers interviewed, it was decided that in order to avoid high item non-response rates, only the least problematic performance variables were to be assessed objectively, namely export intensity and export market geographical coverage while profitability, sales growth, market share and financial results related items were to be subjectively measured by the use of a satisfaction measurement scale. Data was collected through an online survey addressed to the decision maker in charge of the export activity in Spanish SMEs. For selecting the firms to which the questionnaire was aimed, the Kompass data-base was used. A central concern of this research was to assure that the questionnaire respondent was the decision maker in charge of export operations in the firm. In this sense, a personal e-mail address represented an indispensable requirement for participating in the survey. Thus, a sample of 423 decision makers in charge of exports in their respective companies (both manufacturing and service enterprises), presenting a personal e-mail address, was identified and selected to participate in the survey. The questionnaire was sent out in February 2008, and was followed by two other reminder e-mailings. The sample obtained was used for the elaboration of Chapter 2 and Chapter 3. After

eliminating those observations that did not provide complete answers for all the questions related to the study: 146 cases (exporting SMEs of at most 249 employees) were considered valid, representing an effective response rate of 34.5%, for the elaboration of Chapter 2 and 155 cases (exporting SMEs of at most 499 employees), representing an effective response rate of 36.6% were obtained for further use in Chapter 3. The difference in the number of observations used for the two chapters is given by the number of missing observations for each specific item to be utilised in the two chapters. Also, in the sample used for the elaboration of Chapter 2, the SMEs follow the definition put forward by the European Union, meaning enterprises having between 1-249 employees while for Chapter 3, SMEs up till 499 employees were included in the valid sample, in order to successfully apply the methodology chosen for the empirical analysis in this chapter. The issue of the non-response bias was addressed by employing Armstrong and Overton's (1977) extrapolation procedure. More precisely, early respondents were compared to middle and late respondents using a series of t-tests. No significant differences were found between the three groups of respondents with respect to the size, age, export experience and industrial sector of the firms, indicating that non-response bias was not a problem. Moreover, very similar representativeness was observed, in terms of the previously mentioned characteristics, when comparing the 146 and 155 valid observation samples to the general population of Spanish exporting SMEs (ICEX, 2008).

For empirically treating the data for Chapter 2 Descriptive Analyses, Factor Analysis, Ordinary Least Square (OLS) Regression Analysis and Structural Equation Modelling (SEM) were performed, while for Chapter 3 Descriptive Analyses, Factor Analyses and SEM were carried out. SEM is one of the most widely used techniques for analysing multivariate data in the social and behavioural sciences. It represents a powerful multivariate method allowing the

evaluation of a series of simultaneous hypotheses about the impact of latent and manifest variables on other variables, taking measurement errors into account (Lee, 2007). In this sense the relationship between the objective and subjective export performance modes of assessment as well as the association between the overall standardisation/adaptation degree of the international marketing mix and the export performance measured objectively and subjectively were tested using SEM methodology. For carrying out the empirical analysis for these two chapters Statistical Package for the Social Sciences (SPSS) and Analysis of Moment Structures (AMOS) Software were used.

1.6 Organisation of the Dissertation

The remainder of the dissertation is organised in three individual chapters: Chapter 1 investigates export behaviour, namely involvement and expansion through managerial characteristics and perceptions using a case-study methodology; Chapter 2 researches the influence the internal and external export performance determinants have on the subsequent export performance and analyses the relation established between the export performance measured objectively and export performance measured subjectively employing a quantitative methodology; Chapter 3 analyses whether the standardisation/adaptation of the overall international marketing strategy influences objective export performance and satisfaction with export performance at the same time investigating how this relationship is moderated by certain internal and external factors utilising a quantitative methodology.

1.7 References

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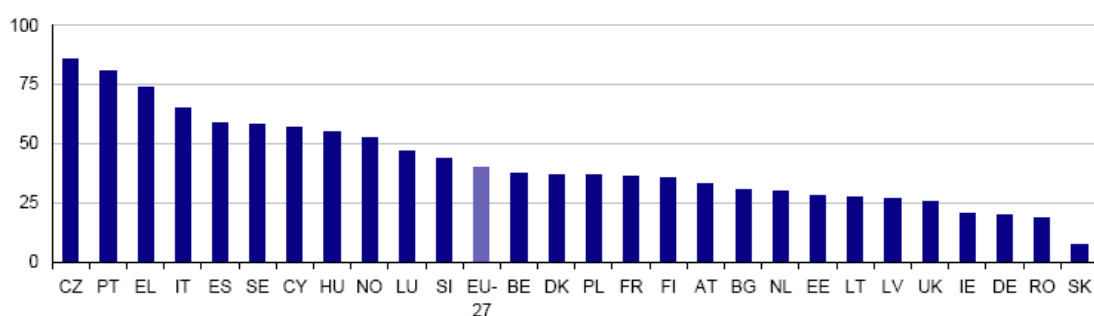
1.8 Appendix

Table 1.1 Key indicators of SMEs in the non-financial business economy, 2005

	Number of enterprises (thousands)	Number of persons employed (thousands)	Value added (EUR billion)	Number of enterprises	Number of persons employed	Value added
EU-27	19 602	85 000	3 090	99.8	67.1	57.6
BE	395	1 602	83	99.8	66.6	57.8
BG	240	1 318	5	99.7	72.6	53.2
CZ	878	2 461	30	99.8	68.9	56.7
DK	202	1 129	67	99.7	66.0	64.8
DE	1 654	12 357	553	99.5	60.6	53.2
EE	38	305	4	99.6	78.1	75.1
IE	85	654	53	99.5	67.5	58.2
EL	820	2 031	44	99.9	81.9	69.6
ES	2 542	10 538	339	99.9	78.7	68.5
FR	2 274	8 834	412	99.8	61.4	54.2
IT	3 819	12 182	420	99.9	81.3	70.9
CY	43	174	5	99.9	84.3	80.0
LV	62	469	5	99.7	75.6	71.1
LT	93	619	5	99.7	72.9	58.5
LU	21	120	7	99.6	70.8	58.5
HU	556	1 783	20	99.8	70.9	50.2
MT	:	:	:	:	:	:
NL	492	3 146	146	99.7	67.6	61.5
AT	272	1 589	76	99.7	67.4	60.0
PL	1 405	5 289	59	99.8	69.8	48.4
PT	848	2 676	47	99.9	82.0	67.8
RO	410	2 463	13	99.5	60.8	48.4
SI	88	371	8	99.7	66.4	60.6
SK	42	501	7	98.8	54.0	44.5
FI	187	717	40	99.7	58.5	53.9
SE	523	1 667	83	99.8	63.2	55.6
UK	1 535	9 636	501	99.6	54.0	51.0
NO	241	895	102	99.8	69.6	68.6

(% share of SMEs in national total); Source (EUROSTAT, 2008).

Figure 1.1 Density of SMEs – Number of SMEs per 1000 inhabitants, 2005



Non-financial business economy for EU 27; Source (EUROSTAT, 2008)

2. Analysing Export Behaviour through Managerial Characteristics and Perceptions: A Multiple Case-Based Research

Abstract

Decision maker's role in the international activity is crucial, particularly in the case of SMEs. However, the extant literature on internationalisation is characterised by a lack of consensus among scholars as to what constitutes the managerial factor in determining exporting. Therefore, this study focuses on the following issue: Which are the decision maker's characteristics and perceptions that may influence the export behaviour of SMEs? To address this main research question a multiple case study method is applied across four Spanish exporting SMEs. The findings show that high educational level, foreign language skills, high risk tolerance, innovativeness as well as strongly perceived export stimuli as compared to low and relatively easy to overcome export barriers positively influence export behaviour in the SMEs investigated. Additionally, this study's results suggest that certain decision maker's characteristics and perceptions appeared to be more prevalent and have a greater impact on the export activity according to the internationalisation stage: export initiation and export expansion. The study provides further insights into the research topic by jointly studying managerial characteristics and perceptions in the Spanish context where the exporting activities have not been as widely studied so far.

Keywords: managerial characteristics and perceptions; export involvement and development; small and medium sized enterprises; Spain; case study approach.

2.1 Introduction

The increasing tendency towards the globalisation of trade and sales activities has enhanced the importance of understanding firms' behaviour in foreign markets (Sousa, Martínez, & Coelho, 2008). At present, exporting is one of the fastest growing economic activities (Lages, Lages, & Lages, 2006) and represents the most common, quickest and easiest way for many small companies to internationalise as it requires less resource commitment, offers greater flexibility of managerial actions and involves fewer business risks, when compared to alternative foreign market entry modes (Leonidou, Katsikeas, Palihawadana, & Spyropoulou, 2007).

Decision-maker's² role in the export activity is crucial (Crick & Chaudhry, 1997; Hutchinson, Quinn, & Alexander, 2006; Lages, Lages, & Lages, 2005; Lautanen, 2000; Leonidou, Katsikeas, & Piercy, 1998; Peng, 2001; Suárez & Álamo, 2005). This becomes even more relevant in the context of SMEs, as these organisations, due to their small size, may solely be represented by their entrepreneur-manager(s) whose characteristics and perceptions might be critical for the export behaviour of the firm. In this sense, Lloyd-Reason and Mughan (2002, p. 127) suggest that "*Decision-making within the typical SME ... is likely to be determined by one individual, often the owner-manager*". However, there is a lack of consensus among scholars as to what constitutes the managerial factor in determining exporting and what specific dimensions are influenced by management (Leonidou, Katsikeas, & Piercy, 1998).

Much of the literature on the internationalisation of the firm has focused on multinational enterprises (MNEs) or large, well-established firms (Andersson, Gabrielsson, & Wictor, 2004;

² In this paper, as well as in many others in the SME export-oriented literature, the concepts of owner, entrepreneur, manager and/or export sales manager are used as synonyms, referring to the main decision-maker in charge of the export activity in the firm.

McDougall & Oviatt, 1996). This study focuses on SMEs due to their recognised importance to economic growth, innovation, job and wealth creation in most countries, as they often account for the main part of the industrial base (Acs, Morck, Shaver, & Yeung, 1997; Karadeniz & Göçer, 2007; Katsikeas, Bell, & Morgan, 1998; Sousa, 2004). In addition, improving the international contributions of the small business sector is generally considered as an increasingly important policy priority in countries across the world.

From a geographical focus the majority of research on exporting related topics has been carried out mainly in the Anglo-Saxon context (Bloodgood, Sapienza, & Almeida, 1996; Calantone, Kim, Schmidt, & Cavusgil, 2006; Leonidou & Katsikeas, 1996; Sousa, 2004; Sousa, Martínez, & Coelho, 2008). Hence, there is a certain need to investigate other economic settings where international business research is still relatively scarce. In this sense, Spain represents one of the European settings which has received limited research attention in the export centred literature (Suárez & Álamo, 2005). Similar to many other (European Union) EU countries, Spain's economic growth is dependent on the results of the export activity. Merchandise and commercial service exports have gradually increased after Spain joined the EU, in 1986, and have also been stimulated by the European Monetary Union (EMU), 2001. Currently, the Spanish economy presents a degree of international openness of approximately 65%, to the GDP (Lucio, Mínguez, Valero, & Mednik, 2008) and ranked seventh for merchandise exports and fifth for commercial services exports among the EU countries, in 2005 (WTO, 2006). All together, these characteristics demonstrate that Spanish firms are strongly motivated to pursue and improve their international activity, thus the topic related to export behaviour and its potential determinants becomes essentially relevant in this context.

Consequently, given on one hand, the importance of export activities both at the national and at the SME level, and on the other hand, the bearing that managerial factors have on the export behaviour of the company, more research should be dedicated to identifying the influence of decision-maker's characteristics and perceptions on firm's export behaviour in geographical settings where such export determinants have not been as widely investigated. Therefore, the purpose of this paper is to investigate the central role played by certain managerial determinants for firm's export activity by addressing the following broad research question: Which are these relevant managerial characteristics and perceptions and how do they influence the export behaviour (involvement and expansion) of SMEs? To answer this question, a multiple case study method is applied across four Spanish actively exporting SMEs.

The paper is organised as follows. In the next section, a general conceptual framework on SMEs internationalisation process is presented, followed by a literature review focused on key managerial characteristics and perceptions as determinants of firm's export behaviour. Then, the case-based methodology applied is described and the main within and cross-case results obtained are presented and discussed. Finally, several relevant conclusions, implications and future research directions are outlined.

2.2 Theoretical Background

The internationalisation process, subject of widespread theoretical and empirical research, is described as a gradual development taking place in distinct stages (Melin, 1992), making reference to the lack of complete information and the relevance of risk or uncertainty in managerial decision-making. This approach, directly related to SMEs, is deemed the "incrementalist/gradualist approach" due to its conceptualisation of the internationalisation of

the firm as a learning process based on the gradual accumulation of experiential (foreign) market knowledge (Rialp & Rialp, 2001). The literature in the field acknowledges two traditional approaches to internationalisation: the Uppsala internationalisation model (U-Model) and the Innovation-related models (I-Models), both referred to as the “stage models”. The U-Model initiated by Johanson and Wiedersheim-Paul (1975) and reformulated by Johanson and Vahlne (1977; 1990) posits that as firms learn more about a certain market, they become more committed to it by investing more resources into that market. The interest paid by the U-Model to the “establishment chain” makes this approach particularly adequate for explaining the export behaviour of SMEs, in the initial stages of their internationalisation process. The I-Models also suggest that SMEs’ internationalisation process is incremental, based on different stages that determine changes in the attitudinal and behavioural commitment of managers, which in turn, are reflected in the firms’ increasing international orientation (Bilkey & Tesar, 1977; Cavusgil, 1980; Czinkota, 1982; Reid, 1981).

Coviello and Munro (1997) argue that integrating the models of internationalisation with the network approach would enhance the understanding of the internationalisation process for small firms. They also state that internationalisation activity appears to be largely driven by existing network relationships, presenting major patterns often guiding foreign market selection as well as providing the mechanism for market entry. In contrast with large firms, which generally possess enough resources to facilitate their entry in foreign networks, the establishments of network relationships gains increased importance for smaller companies. Direct personal contacts of key individuals in foreign markets could be used to identify opportunities for the firm, obtain business advice as well as assistance in foreign negotiations, and could aid the company to enter new export markets (McDougall, Shane, & Oviatt, 1994). Moreover, SME export manager’s personal contacts may play an essentially important role

for information generation which ultimately influences the export activity (Andersen, 2006; Kaynak, Ghauri, & Olofsson-Bredenl w, 1987). Network contacts frequently alleviate difficulties of information search and deliberation and, therefore allow actors to capitalise on latent economic opportunities (Rangan, 2000). In this sense, managers may consider that their companies' competitive advantage in the international arena stems from the variety of formal and informal contacts they possess in key foreign markets, which provide access and support for their firm. These contacts may well range from business and government relationships to friends and family off-shore (Coviello, Ghauri, & Martin, 1998).

The Resource Based View (RBV) in international business has lately become a burgeoning perspective, with contributions from a wide variety of authors and institutions around the world. Firms can be conceptualised under the RBV as *“unique bundles of accumulated tangible and intangible resources stocks”* (Roth, 1995, p. 200). Intangible resource could be understood to be represented by *“those assets, know-how or skills that are difficult to formalise and to be reproduced by competitors, becoming strategic assets, generators of competitive advantages for the firm and, thus, generators of benefits”* (Delgado, Ram rez, & Espitia, 2004, p. 478). Among these intangible resources owned by companies, the managerial capabilities occupy a key place (Fern ndez & Nieto, 2005). Drawing on the RBV insight, top managers may represent some of the most valuable, unique, and hard to imitate resources (Peng, 2001). Indeed, the role played by the manager(s) in the typical SME becomes of utmost importance, as decision making and consequently firm's activities and commitment to exporting are likely to be determined by one individual or a small management team (Boter & Holmquist, 1996; Crick & Chaudhry, 1997; Hutchinson, Quinn, & Alexander, 2006; Lautanen, 2000; Lloyd-Reason & Mughan, 2002). SME's export sales manager represents a key factor in driving the effectiveness of the export activity through the outcomes produced in terms of market share, sales revenues and sales of new product(s) lines;

his/her success in generating results is dependent on his/her behavioural performance (i.e. the extent to which he/she successfully accomplishes tasks and responsibilities) (Katsikea, Theodosiou, & Morgan, 2007). Furthermore, human capital or personal factors may help overcome inadequacies in resources stocks and, therefore constitute a potential source of differential advantage for the internationalised small firm (Manolova, Brush, Edelman, & Greene, 2002).

2.3 Literature Review

The central role the manager plays in influencing export behaviour has been largely acknowledged and emphasised in the export marketing literature (Aaby & Slater, 1989; Chetty & Hamilton, 1993; Leonidou, Katsikeas, & Piercy, 1998), the most studied managerial factors usually being demographic characteristics (age and education), professional and international experience, foreign language proficiency, innovativeness, risk tolerance, as well as certain managerial perceptions. Partially inspired in Leonidou, Katsikeas and Piercy's (1998) contribution, but also in other empirical studies developed in the Spanish (Fernández & Castresana, 2005 or Suárez & Álamo, 2005) and international context (see Appendix, Table 2.1 for a review of some of the most relevant contemporary research works on managerial determinants of export behaviour related issues) the following managerial characteristics and perceptions were considered and reviewed, as determinants of the export behaviour of SMEs.

(“Insert Table 2.1 about here”)

2.3.1 Managerial characteristics

2.3.1.1 Demographic characteristics

Numerous scholars observed that younger managers seem to be more export oriented than their older counterparts. Cavusgil and Naor (1987) and Oviatt, McDougall and Dinterman (1993) argue that younger managers are more open to extending their company's activities abroad whereas other scholars suggest that younger managers are generally more internationally minded and cosmopolitan than their older counterparts (Jaffe, Pasternak & Nebenzahl, 1988; Moon & Lee, 1990). On the other hand, Cooper, Gimeno-Gascon and Woo (1994) assert that the principal entrepreneur can provide a firm with general human capital and/or resources, which can be in the form of the entrepreneur's own life experience or education. The education is related to the knowledge, skills, problem-solving ability, discipline, motivation and self-confidence. Hence, more highly educated decision-makers have better problem solving skills. Other scholars acknowledge that a high educational level is associated with internationalisation (Cavusgil & Naor, 1987; Oviatt, McDougall, & Dinterman, 1993).

2.3.1.2 Industry and management know-how

The professional experience of the manager, including previous occupations, technical experience, or product knowledge, has always been associated with exporting (Leonidou, Katsikeas, & Piercy, 1998). Industry-specific experience allows entrepreneurs to become acquainted with customers on the local, national and international markets as well as to be able to develop more appropriate market niches (Chandler, 1996). A more recent study, also reported that among the eight companies performing international activities analysed, industry experience and the established contacts of the founders and early management were very high in four cases, rather high in three, while only in the eighth firm the founder had worked in the same field only for a short period of time (Hallbäck & Larimo, 2007). Similarly, Birley and

Westhead (1993) suggest that habitual founders were markedly more likely to own businesses involved in the international market. Furthermore, Westhead (1995) argues that entrepreneurs, who have held managerial or professional positions prior to start-up, may be more aware of the possibilities and practices of exporting part of their sales.

2.3.1.3 International outlook

This concept refers to certain characteristics specific to the decision maker, such as foreign language skills, previous international experience, time spent abroad and international business knowledge (Lloyd-Reason & Mughan, 2002).

In addition to facilitating communication, foreign language skills ease the understanding of the foreign culture, thus increasing the proximity between the manager and the export markets. Decision makers possessing foreign linguistic abilities were reported to have made better use of export information and to have taken a more versatile approach to export market decisions, having been more likely to evaluate new markets and pull out of exporting ones than non-linguists (Williams & Chaston, 2004). Export propensity and intensity were also positively associated to manager's foreign language proficiency (Suárez & Álamo, 2005). Moreover, managers of successful exporting firms were reported to have been much more likely to have foreign language skills, these skills being often at a higher level than those of less successful exporters, at the same time presenting an international mindset that is conducive to successful internationalisation (Knowles, Mughan, & Lloyd-Reason, 2006).

Various scholars have acknowledged the influence the managerial international experience has upon SMEs export behaviour both for the initial export involvement as well as for the expansion strategy into foreign markets (Hallbäck & Larimo, 2007; Hutchinson, Quinn, & Alexander, 2006; Madsen & Servais, 1997; Nakos, Brouthers, & Brouthers, 1998). According

to Madsen and Servais (1997), factors such as experience from other internationally oriented jobs, experience from living abroad along with education mould the mind of the founder and reduce the psychic distances to specific product markets considerably. Manager's prior international experience enables them to import routines from previous workplaces, thereby reducing the costs of internationalisation for the firm (Sapienza, Autio, George, & Zahra, 2006).

The time managers spend abroad has been regarded as an important factor that could explain export intention, propensity and intensity, given the fact that it implies managers' exposure to other cultures which leads to greater experiential knowledge about international markets (Hutchinson, Quinn, & Alexander, 2006; Leonidou, Katsikeas, & Piercy, 1998). Export managers who had experience of living or working abroad demonstrated, in general, higher levels of information-gathering activity on the international arena (Williams & Chaston, 2004). Also, a recent study argues that by travelling abroad managers are better prepared to study the international market, identify business opportunities as well as meet potential overseas clients (Leonidou, Katsikeas, Palihawadana, & Spyropoulou, 2007).

However, it is not only the above mentioned determinants that may influence export behaviour, but also the actual international business knowledge possibly acquired with the aid of these factors or based on former international business focused education and most likely required in order to yield high export performance, as previously emphasised by Gray (1997).

2.3.1.4 Risk tolerance and innovativeness

According to Gupta & Govindarajan (1984) the positive attitude of managers towards risk favours strategies of expansion through new products and markets. Hence, it could be inferred that manager's risk tolerance may influence the export behaviour of the SME. Dichtl, Leibold,

Köglmayr and Muller (1983) suggest that the risk aversion of managers influences the degree of export involvement of the firm while Fernández and Castresana (2005) assert that low levels of perceived risk together with high levels of risk tolerance lead to a positive attitude towards export, and vice versa. On the other hand, innovation represents a crucial factor for the export behaviour of the firm (Holzmuller & Kasper, 1991; Katsikeas, Leonidou, & Morgan, 2000). Export decision-making could be seen as an innovation-adoption process, the firm moving through the export process from export awareness, intention, trial and evaluation to acceptance of exporting (Reid, 1981). In accordance with Reid's (1981) view, a parallelism between export initiation and an innovation adoption process within the firm has been observed in a study carried out with Spanish enterprises (Suárez, 2003). Firms which are open to innovative ideas are also likely to perform well in exporting (Leonidou, 1998).

2.3.2 Managerial perceptions regarding export stimuli and barriers

Weick (1969) observed that the attributes to be considered in the decision making process are the perceptions of the external and internal setting, rather than the objective situation itself. Simpson and Kujawa (1974) argue that managerial perceptions help explain firms' export development. Reid (1981) defined the export intention of the firm as the motivation, attitudes, beliefs and expectancies about export contribution to the firm's growth. In addition, the extent to which a firm is motivated to export by sales/profit goals is largely contingent upon the decision maker's perceived attractiveness of the export markets (Leonidou, Katsikeas, Palihawadana, & Spyropoulou, 2007). Furthermore, the empirical results obtained by Ellis and Pecotich (2001) show that important reasons for starting the export activity were foreign growth prospects and pursuit of scale economies. Previous research reports that exporters perceived involvement in foreign operations as more profitable than selling in the home market (Simpson & Kujawa, 1974) and that managerial perceptions of export offering superior growth and returns, when compared to selling on the domestic market, represented a

key determinant of export performance (Axinn, 1988). Other studies acknowledge the existence of a positive relationship between growth/profit perceptions and export behaviour (Halikias & Panayotopoulou, 2003; Jaffe, Pasternak, & Nebenzahl, 1988; Moon & Lee, 1990; Suárez & Álamo, 2005).

Nevertheless, as decision making in the firm is guided by managerial perceptions, it is doubtful that decisions for growth in foreign markets will be taken unless the management exhibits positive views regarding opportunities and potential barriers with respect to the international expansion (Vida, Reardon, & Fairhurst, 2000). The awareness of the existence of certain export stimuli and barriers is not enough for determining the export behaviour of the firm. Mostly, this is dependent on how the decision maker perceives them, in turn being contingent upon his/her feelings and predispositions regarding exporting (Simpson & Kujawa, 1974; Wiedersheim-Paul, Olson, & Welch, 1978). More recently, another study reported that managerial attitude towards exporting is contingent upon decision maker's philosophy, ranging from wholly favourable to strongly negative (Fillis, 2002). In the same vein it is likely that perceived similarities and/or differences between the domestic and the host market may influence the decision making process and, hence firm's export behaviour. Sousa, Martínez, and Coelho (2008) remark, in their recent review, that such similarities have often been highlighted as an important determinant of export performance. According to these authors, the underlining assumption behind this idea is that similarities are easier for firms to control than dissimilarities are, thus increasing the likelihood of attaining success in rather similar markets.

Several organisational and environmental factors may play a significant role in influencing manager's perception regarding export behaviour. In this sense, the possession of certain

competitive advantages such as: advantages in R&D (Sullivan and Bauerschmidt, 1990; Wiedersheim-Paul, Olson, & Welch, 1978), marketing (Johnston & Czinkota, 1982; Kaynak, Ghauri, & Olofsson-Bredenl w, 1987), knowledge (Oviatt & McDougall, 1994), product strength in terms of quality and uniqueness (Kaynak, Ghauri, & Olofsson-Bredenl w, 1987; Styles & Amber, 1994) may influence the decision makers' perception about export involvement and development. Previous research has also highlighted firm export commitment as a key determinant of export activity (Cavusgil & Naor, 1987; Katsikeas, Piercy, & Ioanidis, 1996; Lado, Mart nez, & Valenzuela, 2004). On the other hand, the perceived inadequacy of certain distinctive skills or resources may inhibit the export development of the firm. In this sense, the importance attributed by the manager to insufficient organisational resources for export marketing may act as a barrier to exporting (Su rez &  lamo, 2005; Tesfom & Lutz, 2006). More precisely, common export barriers may revolve around the perceived inadequacy of financial and human resources (Katsikeas & Morgan, 1994), quality standards and establishing the suitable design and image for export markets (Christensen & Da Rocha, 1994; Tesfom & Lutz, 2006), pricing of the product in international market (Tefom & Lutz, 2006), deficient international advertising and promotion programs (Kaleka & Katsikeas, 1995; Tesfom & Lutz, 2006) or distribution related problems (Christensen & Da Rocha, 1994; Kaynak, Ghauri, & Olofsson-Bredenl w, 1987; Tesfom & Lutz, 2006).

Furthermore, despite their importance, the influence the managerial environmental perceptions have on the internationalisation of the company represents a research area relatively under explored (Manolova, Brush, Edelman, & Greene, 2002). Companies' decision makers may look at foreign markets due to intensified competition at home, saturated domestic markets, or limited domestic market opportunities (Dean, Meng c, & Myers, 2000;

Hallbäck & Larimo, 2007; Kaynak, Ghauri, & Olofsson-Bredenlöv, 1987; Namiki, 1988). In this context, the accessibility to good market information and knowledge of foreign market attractiveness (Whitelock & Jobber, 2004) play a key role for a firm's export expansion (Leonidou & Katsikeas, 1996). Conversely, according to Andersen (2006) export managers frequently find themselves in situations where the lack of relevant export information constitutes an important barrier to initiating or further developing export activities. Moreover, export barriers originated as a result of information paucity could be overcome with the help of export promotion programmes made available by the local and/or national governments (Crick, 1995; Diamantopoulos, Schlegelmilch, & Tse, 1993; Gençtürk & Kotabe, 2001; Ramirez, Alcalde, Dejo, García, & Rosell, 2007). Firms may as well start exporting as a response to unsolicited foreign orders, selling production surpluses and filling orders on an experimental basis at the same time beginning to introduce marketing procedures to respond to inquiries from abroad (Haar & Ortiz, 1995). Other scholars have previously highlighted unsolicited foreign orders as an important drive for export expansion and in general for export development process (Hallbäck & Larimo, 2007; Kaynak, Ghauri, & Olofsson-Bredenlöv, 1987; Zafarullah, Ali, & Young, 1998) as well as for export performance level, measured as export intensity (Majocchi, Bacchiocchi, & Mayrhofer, 2005).

2.3.3 Research framework and research questions

Based upon the literature review on managerial determinants of SMEs' export behaviour, a general research framework is developed (Figure 2.1), and several specific research questions are formulated with the aim of shedding light on a) the managerial characteristics, and b) the managerial perceptions that may influence the export behaviour of Spanish SMEs:

(“Insert Figure 2.1 about here”)

- ❑ What are the demographic characteristics of the exporting SMEs' decision makers?
- ❑ Have they previously worked in the same industry? Have they owned a business/worked in a managerial position before?
- ❑ What is their level of international outlook?
- ❑ Are they characterised by a high risk tolerance and innovativeness?
- ❑ Which are their perceptions regarding exporting?

In the next methodological section answers are sought to these specific research questions by means of applying a multiple case study approach whose findings are obtained from a selected number of small and medium-sized exporters.

2.4 Empirical Methodology

The research methodology is based on a qualitative approach, following Yin (1989), leading to multiple case studies based mostly, but not only, upon in-depth, semi-structured interviews. The approach selected is consistent with a growing trend towards the case-study method as a particularly valuable research technique in empirical studies for various fields of research such as marketing/entrepreneurship/internationalisation (Carson & Coviello, 1996; Coviello & Munro, 1997; Julien, Joyal, Deshaies, & Ramangalahy, 1997). The methodological approach is also motivated by the fact that, according to several qualitative methodologists (Eisenhardt, 1989; Maxwell, 1996; 1998; Yin, 1989; 1998) and also international business/marketing researchers (Chetty, 1996; Merrilees & Tiessen, 1999), this research method allows dynamic, long-term decision-making processes, such as exporting, to be much more deeply investigated in particular firm settings. In addition, analytical -not statistical- generalisation of the results of the several firm cases investigated to other contexts with similar conditions can be obtained by means of applying replication logic (Yin, 1989; 1998).

The number of case studies to be selected is based upon Eisenhardt's (1989) argument that with fewer than four case studies theory is very difficult to generate, whereas with more than ten, the volume of data becomes too difficult to cope with. The conceptual, non-statistical sample used in the present study was originally selected from a larger Spanish firm Data Base (SABI). The companies finally chosen for subsequent analysis are four highly specialised and innovative Spanish exporting SMEs (coded as A, B, C, and D to preserve confidentiality). The following basic selection criteria were employed for constructing the purposeful sample: be currently active exporters in multiple markets worldwide with export intensity equal or higher to 25% of their total sales, be established in the Spain, employ from one to less than 250 staff, and belong to different manufacturing sectors as main business activity).

A multiple rather than a single case approach was preferred because it enabled the use of replication logic in studying matching properties between cases and theory. These design and analytical requirements were followed as a way to obtain both internal and external validity. As the study also aimed to attain highly robust conclusions, the triangulation concept in the data collection stage was applied, in order to assure that different sources of evidence were used to gather data from each case firm.

As a requirement to achieve construct validity, a combined use of the following multiple information sources was employed in the data collection process in order to establish a chain of evidence that allowed for several perspectives on each case firm: in-depth, semi-structured interviews with entrepreneurs, founders and/or managers deeply involved in the export decision-making processes in their respective firms, together with company websites, internal documentation provided by the company, product and firm brochures, and other secondary data. During the recorded interviews held by the research team and the informant/s in each

firm (lasting 90 to 120 minutes in average), detailed notes were also taken by a second interviewer who was not actively involved in the interview process. Then, full write-ups were constructed on each company in the form of a detailed case study, focusing on the specific characteristics of each case situation. In this case composition phase, the interviewed decision-makers were also given the opportunity to add their suggestions and comments on several drafts of the case studies with the view of obtaining construct validity. Also, reliability requirements were assured by the use of the same research protocol for each specific company and by the development of a complete database in the data collection phase.

Regarding data analysis, both within-case and cross-case analysis techniques were applied. The within-case analysis is carried out at each unit of analysis level. The identified similarities and dissimilarities with the frame of reference provide findings for each case. Also, a cross-case analysis was conducted, meaning a comparison among the findings from the different case firms. Thus, as shown in the next section of this paper, the four case companies are first individually described and then cross-compared looking for analytical, non-statistical generalisation based upon replication logic.

2.5 Results and Discussion

In this section, the results obtained from the empirical analysis are presented and discussed. First, a within-case analysis is displayed, containing general information about the four companies included in the sample, also summarised in Table 2.2. Afterwards, a cross case analysis is provided, comparing the empirical data obtained from the four cases, in order to answer the specific research questions presented above.

(“Insert Table 2.2 about here”)

2.5.1 Within case analysis

2.5.1.1 Case A

The company started its business activity in 1959 as a manufacturer of armoured heating elements for domestic and professional use. As a secondary business activity, the SME also markets its own products. The firm, currently employing 70 employees, started exporting in 1972. It followed a gradual internationalisation process, entering at the beginning markets such as Costa Rica and Argentina, due to the language and cultural similarities, and only after the owner gained enough knowledge and experience, extended its activities to other (non-Spanish speaking) countries. At present a 66% of its total production is exported to countries all over the world: Costa Rica, Argentina, Chile, France, Italy, UK, Germany, Switzerland, Holland, Tunisia, Israel and Libya.

2.5.1.2 Case B

The enterprise was founded in 1985 as a producer and trader of different types of antennas. The personnel working for the company is currently composed out of 30 employees. It started selling its products abroad in 1988, after three years of being focused only on the Spanish domestic market. The first export market entered was France; the owner of the enterprise, also in charge of export activities, knew well the French market, due to an informal relationship which lead to the initiation of the abroad activities. Mostly relying on the business network previously developed by the French intermediary, but also benefiting from the accumulation of a certain degree of export experience, the firm progressively extended its overseas activities, and presently sells a 32% of the total production to most European markets.

2.5.1.3 Case C

The company started its activity in 1982 as a manufacturer and designer of systems for fighting intrusion. The personnel working for the firm was composed of 16 employees during its first year of activity slowly decreasing to 12 employees at present, due to the introduction

of technological advances in production. Starting the export activity in 1997, the firm first entered geographical close markets such as Algeria, Greece, France and Portugal and afterwards the export manager extended the company's activities to further located markets. However, the choice and order of market entry is partially influenced in this case by the unexpected demands from abroad. The enterprise increased its sales abroad over the years, currently exporting a 25% of its total production to countries such as: Algeria, Greece, France, Portugal, Finland, Turkey, Germany, Sweden, Singapore, Malaysia, Australia and Saudi Arabia.

2.5.1.4 Case D

Firm D was founded in 2003, as a producer, trader and technical assistance provider of machinery for the textile industry, acquiring the brand, technology and patents from an already existing firm (founded in 1948 and active until the end of 2002) in the same sector. The employee base is currently of 40 persons. Implementing a strategy based on continuous product innovation, the quality of its machines and providing personalised service for its customers, the firm started exporting the same year it was founded, in 2003. According to the director of the firm, this was slightly influenced by maintaining the same brand name and a few clients as the previous firm. A 90% of the total production is exported to countries across the world such as France, Portugal, Italy, Greece, Sweden, Czech Republic, Russia, Turkey, U.S.A., Canada, Mexico, Guatemala, El Salvador, Honduras, Colombia, Ecuador, Bolivia, Venezuela, Argentina, Brazil, Lebanon, Jordan, Syria, Iran, India, Bangladesh, Pakistan, Uzbekistan, Turkmenistan, Thailand, Vietnam, Indonesia, Philippines, China, Korea, Morocco, Egypt and Australia.

2.5.2 Cross case analysis

□ *What are the demographic characteristics of the exporting SMEs' decision makers?*

As previously observed by authors such as Cavusgil and Naor (1987), Jaffe, Pasternak and Nebenzahl (1988), Moon and Lee (1990) and Oviatt, McDougall and Dinterman (1993), both firms A and C were run at the moment of starting the export activities by young decision makers (28 and 26 years old respectively). However, the decision makers in both firms, B and D, were middle aged (47 and 37 years old respectively) when the company initiated its export activities. On the other hand, all the case studies investigated here provide support to previous findings by scholars such as Cavusgil and Naor (1987) or Oviatt, McDougall and Dinterman (1993) who suggest that the international behaviour of the firm is influenced by the educational level of the decision makers. Three of them had a university degree, and the owner of firm B had a master degree. Moreover, all four of them acknowledged the bearing that the educational level has particularly on the initial export involvement of the firm, emphasising that the international openness is partially contingent upon it.

□ *Have they previously worked in the same industry? Have they owned a business/worked in a managerial or professional position before?*

Two of the cases investigated in this paper (cases B and D) confirmed the results put forward by other earlier studies (Birley & Westhead, 1993; Chandler, 1996; Hallbäck & Larimo, 2007; Leonidou, Katsikeas, & Piercy, 1998 or Westhead, 1995). While the owner of firm B has previously owned two other firms in the antenna manufacturing sector and held a managerial position in another one, the director of firm D held a managerial position, in a Mexican enterprise, in the textile machinery producing sector, and was also the director of the Spanish Association for Textile Machinery. Both of them considered that the experience gained by either managing or owning other companies in the same business sector positively influenced

their export behaviour, and above all the initial international involvement as the already existing know-how acted as a powerful impetus for export start-up. Conversely, firms A and C's decision makers were second generation successors of family businesses and, hence have always worked in their parents' firms.

□ *What is their level of international outlook?*

All the decision makers put emphasis on the importance foreign language proficiency has for the initiation and further development of export activities, as suggested by Suárez and Álamo (2005) and Williams and Chaston (2004). The person in charge of selling abroad in the four companies spoke at least one foreign language, and considered that without such language skills the initiation and expansion of export activities may not have been possible. They also agreed that, at present, a fairly good command of at least English, if not of other foreign languages such as Italian, French or Portuguese, is a necessity for trading abroad, facilitating the understanding of different cultures and the communication with their overseas customers.

Similar to the findings previously obtained for industry know-how, the decision-makers in firms B and D, who had worked in an international milieu for more than ten years, at the moment the company started exporting, alleged that their initial decisions regarding exporting were largely reliant on their previous international work experience. Thus, according to them, they were able to increase the speed of the internationalisation process and to avoid certain unnecessary costs, as similarly emphasised by Sapienza, Autio, George and Zahra (2006). Furthermore, consistent with previous international business studies (Hallböck & Larimo, 2007; Hutchinson, Quinn, & Alexander, 2006; Madsen & Servais, 1997; Nakos, Brouthers, & Brouthers, 1998) all four decision makers interviewed asserted that the accumulation of international experience with the passage of time was beneficial for the export activity of their

company. They believed that it lead to the optimisation of the international decision making process and, hence to the enhancement of the export expansion and development.

Regarding the time spent abroad while studying, working or travelling, cases C and D fully confirm the ideas put forward by authors such as Hutchinson, Quinn and Alexander (2006), Leonidou, Katsikeas and Piercy (1998), Leonidou, Katsikeas, Palihawadana, & Spyropoulou, (2007) or Williams and Chaston (2004). The export manager in firm C has not only travelled but also studied and worked abroad, in Greece and the USA, for a period of one and three years respectively, whereas the director of firm D travelled across the world and worked for a period of four years in Mexico. They both consider that the exposure to different cultures and ways of doing business broadened their horizons and positively influenced their subsequent export behaviour. On the other hand, the decision makers in the other two firms analysed, although acknowledged the importance the time spent abroad had for the export behaviour of the firm, have only travelled or lived for short periods of time out of their home country.

All four decision-makers agreed that the international business knowledge acquired through the exposure to foreign languages, cultures and business practices as well as through educational training (Case C) had a particularly positive impact on firm's export involvement and development, as previously suggested by Gray (1997).

□ *Are they characterised by a high risk tolerance and innovativeness?*

As stated by Fernández & Castresana (2005), in the Spanish context, high risk tolerance and low perceived risk characterised the decision makers in the analysed firms. They considered export activities not particularly risky, especially once the initiation stage has been successfully completed; they generally thought that, at present, selling overseas is rather

similar to selling on the domestic market. Moreover, the decision makers saw the initial international involvement as an innovation as previously stated by Reid (1981) and Suárez (2003) and they manifested no resistance to change. They believe that in order to further develop the company, it is a necessity to enter foreign markets and be prepared to constantly adapt, change and innovate. This is in the same line with the findings obtained by authors such as Holzmüller & Kasper (1991), Katsikeas, Leonidou & Morgan (2000) and Leonidou (1998) who observed that innovation adoption is a crucial factor influencing the export behaviour of the firm.

❑ *Which are their perceptions regarding exporting?*

Three of four decision makers (firms A, B and C) perceived export involvement and development as a means of growth and profit for their firms, thus confirming previous findings by Ellis and Pecotich (2001), Halikais and Panayotopoulou (2003), Jaffe, Pasternak and Nebenzahl (1988), Moon and Lee (1990), Reid (1981) or Suárez and Álamo (2005). The owner of firm A realised that due to the fact the domestic market was already saturated, in order to be able to grow and increase their profits they had to extend the company's activities overseas, in his words *"if you wanted to sell you had to go abroad"*. The export manager of firm C was always in search of means for company growth and higher profits through export. Moreover, she stated *"that after covering the whole world, which other markets are left to explore, the Moon?"*. Additionally, the owner of firm B *"has seen exporting as an opportunity"* as they perceived higher profits on the French market than on the domestic one, giving support to Simpson & Kujawa's (1974) findings. In the case of firm D, the director emphasised that they developed and pursued export activities first of all in order to survive, due to the collapse of demand on the domestic market, and secondly in order to grow and consequently achieve higher profits. In his own words, *"exporting is like the air we breathe"*.

All four decision makers perceived that export stimuli were rather strong while export barriers were less powerful and worthwhile to overcome. Firm A's owner pushed by the saturation of the domestic demand, and the excessive production capacity realised that in order to grow they had to export. The information acquired through the owner's social and business network played a crucial role in the export initiation. Strong barriers were only encountered on the German and USA market due to higher quality standards. Given the owner's commitment to export, after repetitive attempts, the company entered the German market. However, he mentioned that generally, their offerings are standardised, the company counting on the benefits yielded by scale economies. The saturation of the domestic market along with the opportunity identification, due to a friendship relationship, stimulated firm B's owner to get involved in export activities. They did not encounter any major obstacles in marketing their products to foreign countries, as, according to the decision-maker, quality and price standards are rather uniform in their industry. The initially perceived problems, related to the fluctuation of the exchange rate, were easily overcome, partially due to the adoption of a single currency in the Euro-zone. The support received from national and regional organisms stimulated the export manager in firm C to develop export activities. The entrance of powerful competitors on the domestic market together with reception of unsolicited foreign demands at different stages of the internationalisation process also represented prevailing incentives for export involvement and development. She perceived low export barriers, mostly related to cultural, legal and political differences between the home and the host markets regarding payment procedures or distribution channels. The director of firm D was also pushed to start and pursue export activities by the situation on the domestic market, characterised by severe demand shrinkage. He considers that, in their sector, firms export more from inertia, being dragged into internationalisation. In firm D's particular case, the rapid export expansion to very diverse export countries and zones is partially explained by having previously purchased

the brand, technology and patents from an already existing firm. In this sense, the client portfolio has been inherited, to a certain degree, from the other company. Hence, numerous unsolicited foreign orders were received from the already existing connections. The export barriers perceived by firm D's decision-maker also stemmed from linguistic/cultural/legal differences among the domestic and a few foreign markets entered during the international expansion process. Nevertheless, according to him, the perceived barriers to export, no matter how high, have to be overcome for the enterprise to survive.

Table 2.3 presents a summary of the findings of the cross case analysis study.

("Insert Table 2.3 about here")

Given the design of this research it was possible to identify which of the decision maker's characteristics and perceptions appeared to be more prevalent and have a greater impact on the export activity according to the internationalisation stage: export initiation and export expansion. Consequently, for the four SMEs included in the conceptual sample decision-maker's demographic characteristics, industry/management know-how, risk tolerance and innovativeness as well as managerial perceptions regarding the importance of certain export stimuli/barriers for the export behaviour such as the support provided by the international business and social network and by export promotion programs, appeared to be extremely relevant for the export initiation stage. On the other hand, decision maker's international outlook together with managerial perceptions related to growth and profit prospects in foreign markets, organisational resources and capabilities, international marketing strategy, differences existing between home and hosts markets, demand shortage on the domestic market, information regarding foreign opportunities, reception of unsolicited foreign orders

and industry characteristics had a strong influence for firms' export activity during both stages analysed: export initiation and expansion.

Figure 2.2 displays a graphic representation of the influence decision maker's characteristics and perceptions have according to the two export process stages previously mentioned.

("Insert Figure 2.2 about here")

2.6 Conclusions, Implications, Limitations and Future Research Directions

The analysis of the empirical results revealed the importance played by both the managerial characteristics and perceptions for the export behaviour (involvement and expansion) of the investigated SMEs. Managerial characteristics such as high educational level, international outlook, high risk tolerance, innovativeness as well as strongly perceived export stimuli as compared to low and relatively easy to overcome export barriers were identified for all the four individuals analysed. These managerial factors also played an important bearing on the firm's export behaviour, confirming various prior findings in the internationalisation literature. Regarding managers' age, the interviews revealed that at the moment when the export activities were initiated, two of the studied companies were run by younger decision makers, while the other two were run by middle-aged individuals. Only two of the decision makers previously worked in the same industrial sector or owned/had a managerial position in other firms. The other two, being the successors of family businesses, have always worked along with their parents. In the latter case, the results show that even if the two decision makers have not held a managerial position or owned another company beforehand, being raised very close to the business, they were well familiarised with the enterprise's activity and possessed managerial know-how. In this sense, all four of them emphasised the importance of

knowing the product, the industry sector and being a good 'salesman' for improving the firm's export behaviour. The interviewed decision makers have international experience, although in different degrees, and consider the exposure to different cultures as a unique experience that broadens one's horizon and crucially affects the manager's international orientation and the export behaviour of the SME. The different degrees of international experience may be explained by the fact that the two decision makers who, besides travelling abroad, have worked and/or studied overseas, are now in their early '40s, while the other two, who had only travelled abroad, are at present in their '60s. Hence, it could be suggested that these differences are due to the increased cosmopolitan influence on education and business over time.

Furthermore, according to the results, the manager's international outlook as well as his/her perceptions regarding growth and high profits on the international market, organisational resources and capabilities, international marketing strategy, potential barriers stemming from the domestic-host market difference, demand situation on the home market and the export markets' attractiveness together with the characteristics of the industrial sector had a strong influence on both export involvement and expansion. However, managerial characteristics related to his/her demographics, industry and management experience as well as risk propensity and innovativeness, seemed to have a prevalent impact on export involvement. It could be argued, that manager's education level and professional know-how could have a certain bearing on the subsequent risk and innovativeness propensity which in turn determine the first radical shift from a completely domestic trade focus to entering the first foreign market. Similarly, the role of decision maker's social and business network as well as the support received from governmental bodies proved to be a relevant determinant of firm's export involvement. Most likely, these factors appear to be more relevant for export

involvement than export expansion, as firms may lack the initial information regarding overseas opportunities, but once they have entered the first export market they may adopt a more proactive attitude towards exporting.

Moreover, partial support is provided to the stage models of internationalisation: three of the analysed firms have first focused on the domestic market and after a certain period of time (ranging from 3 to 15 years) gradually entered overseas markets. Generally, they have initially preferred to enter language/culturally similar markets or geographically close ones. On the other hand, the fourth case analysed contradicts the gradualist approach to internationalisation, as the firm started exporting to countries located on various continents the same year it was founded. However, this was partially determined by maintaining the same brand name and several clients as another firm in the same industrial sector which they had previously acquired.

From an academic perspective, given the further need for research on topics on internationalisation at the SMEs' level in Europe, this study provides an insight into decision maker's characteristics and export related perceptions in this type of firms. Based on the literature review, the study addressed five research questions, thus confirming various findings from the previous research on similar subjects. Additionally, the study distinguishes between the determinants that have a more prevalent influence on firm's initial export involvement and those that have a strong impact on both export initiation and expansion.

The study reveals relevant policy implications. More export promotion programs should be developed at both the local and national level in order to get non-exporters interested in entering foreign markets by increasing decision maker's awareness of the growth and profit

advantage achieved through export activities. Furthermore, policy initiatives should focus on increasing decision maker's international outlook with the aim of successfully formulating and putting into practice export strategies. Thereby, the promotion of foreign languages, international exchange programs as well as of international business training which are already pursued, in both schools/universities and workplaces, should receive permanent policy support, in order to get the future decision makers in SMEs more familiarised with different languages and cultures, thus augmenting their international propensity.

This research also provides contribution to practitioners. As the empirical findings show, the export behaviour of the firm is not so strongly influenced by the objective situation itself but by the managerial characteristic and perceptions such as: educational level, foreign language and international skills, risk tolerance and innovativeness as well as his/her perception about export stimuli and barriers. Decision makers should be aware that, presently, due to rapid technological development along with the removal of an increasing number of trade barriers, entering overseas markets is not bearing as much risk as it used to in the past, while representing a viable alternative for firm's growth and pursuit of higher profits.

Regarding the limitations of the study, given its qualitative nature, the findings cannot be statistically generalised, therefore the empirical results and conclusion cannot be extrapolated to a larger population than the one included in the sample. Further studies should be carried out in a variety of industrial and national contexts, utilising both qualitative as well as quantitative methodologies, in order to identify the managerial characteristic and perceptions in exporting firms as well as their influence on companies' export behaviour. Furthermore, given the fact that this study analysed the influence of the managerial characteristics and perceptions on export involvement and expansion, rather than export performance

determinants, future research should focus on investigating the direct incidence that organisational and environmental factors, together with the managerial factors examined here, have on firm's export performance. Alternatively, other managerial determinants such as personality traits (need for achievement, self confidence, dogmatism, locus of control) should also be researched. It might also be interesting to further examine the influence of decision maker's characteristics and perceptions on other aspects of firm's behaviour such as technological innovation or economic performance.

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2.8 Appendix

Table 2.1 Contemporary research on managerial determinants of export behaviour 1988-2007

Number/ Author(s)/Year	Objective/Type of Research	Theoretical Approach(es)	Empirical Methodology	Research Findings
Axinn (1988)	To examine the relationship between the perceptions managers have of exporting and the export performance of the firm. Empirical study.	Made use of the traditional definitions (Rogers 1983) of the five perceived characteristics of innovation (relative advantage, compatibility, complexity, triability, observability) thought to influence adoption for providing the basis for defining the perceived characteristics of exporting.	Managers of machine tool manufacturing firms in Michigan and Ontario (USA) were the object of study. Mail survey conducted resulted in 105 valid questionnaires, 60% of them filled in by the general manager, the remainder by other senior executive. Regression analysis.	Four independent variables were found to be significantly related to export performance: two perceived characteristics of exporting (relative advantage and complexity), one manager-related adopter characteristic (the percentage of managers with overseas work experience) and one firm-related adopter characteristic (market area).
Aaby & Slater (1989)	To provide a comprehensive review of the studies elaborated between 1978-1988 on export behaviour, which directly relate managerial factors to export performance. Literature review.	They argue that export knowledge should be synthesised on two broad levels: the external environment and the firm business strategy and functional level. A general model is proposed for assessing export performance (involving firm characteristics, competencies, strategy and export performance).	N/A*	Regarding firm characteristics: company size by itself was not an important factor unless it was linked to aspects such as financial strength or variables related to scale economies. Management commitment to export along with good management systems, planning of export activities and export experience influenced export performance. Competencies seemed to be more important than firm characteristics. A successfully exporting firm needed a management with an international view, consistent export goals, favourable perceptions and attitudes towards exporting, risk tolerance and capable of engaging positively in export activities.

*N/A = Not Applicable

Number/ Author(s)/Year	Objective/Type of Research	Theoretical Approach(es)	Empirical Methodology	Research Findings
Dichtl, Koglmayr, & Muller (1990)	<p>To identify the means of enhancing export activities, exploiting all export opportunities, by using a measurement concept based on the foreign market orientation of the decision makers within the firms (Dichtl et al. 1983, 1984) seen as a critical factor influencing the company's success in export activities.</p> <p>Empirical study.</p>	<p>General description of existing research in exporting and international marketing. Emphasis placed on the studies dedicated to the foreign market orientation of the manager. Used the model proposed by Dichtl et al. (1983, 1984) to determine the foreign market orientation of the manager.</p>	<p>Managers from five countries were included in the sample. Mail surveys were sent to 104 Federal German firms, 65 Finnish firms, 66 Japanese firms, 55 South African firms and 63 South Korean firms. Also exploratory interviews were conducted. Regression analysis and exploratory interviews.</p>	<p>Identification of the firms with export potential, based on the classification of exporters and non-exporters in five categories in function of the personality factors and the firm's conditions: 1, 2) exporters (small and large firms), 3) occasional exporters (weakness in firm conditions), 4) occasional exporters (weakness in management), 5) domestic oriented firms. The study also revealed the export barriers as perceived by the managers of these companies and indicated the adequate measures to improve the efficiency of existing export promotion programmes.</p>
Holzmueller & Kasper (1990)	<p>Used the operational concept of measurement for determining the foreign orientation of managers (Dichtl et al. 1983, 1984) and the follow up study Dichtl et al. (1990) along with other measurements to uncover the determinants of successful export performance in order to recheck the stability of the results gained in five countries and to analyse the specific situation prevailing in Austria as compared to those countries where the measurement concept had been applied.</p> <p>Empirical study.</p>	<p>Made reference to the model focused on managers' propensity to export by Olsen and Wiedersheim-Paul (1978). Focus on the model aimed at determining the foreign orientation of managers, elaborated by Dichtl et al. (1983, 1984).</p>	<p>Managers of 110 random, mostly manufacturing Austrian private sector firms were included in the sample. Drop-in-questionnaire technique was applied, this procedure leading to a certain degree of standardisation of the survey situation. Profile, stepwise regression, discriminant and cluster analysis.</p>	<p>The classification of Austrian exporters and non-exporters in five categories reveals that as compared to the German sample, the average export ratios observed in Austria are higher. However, nearly identical results were observed from the profile analysis and by the identification of export potentials. Hence, the results obtained provide confirmation of the suitability of the measuring concept with regard to the foreign orientation of managers. Evidence is brought that some indicators of the construct of foreign orientation are unsatisfactory in terms of measurement theory. The importance of an extension and test-theoretical review of the indicators operationalised through multi-item scales is emphasised.</p>

Number/ Author(s)/Year	Objective/Type of Research	Theoretical Approach(es)	Empirical Methodology	Research Findings
Chetty & Hamilton (1993)	<p>To assess the knowledge of influences on export performance. With the view of further continuing Aaby and Slater's (1989) review, this study aimed to provide a comprehensive review of the papers on firm level determinants of export performance published between 1978-1991.</p> <p>Literature review.</p>	Used the Aaby and Slater's (1989) model for assessing export performance as a frame of reference.	N/A	All but one of the firm characteristics (firm size, management commitment, perceptions on: financial incentives, competition, domestic market potential, distribution, delivery service, pricing, risk aversion, profit likelihood and promotion with the exception of management perceptions on government incentives) showed some positive influence on export performance. Consistent with Aaby and Slater's (1989) result, they also observed that competencies were more important than firm characteristics. Also, from the strategy characteristics, market selection and pricing appear to be the most important in influencing the export performance.
Axinn, Savitt, Sinkula, & Thach (1995)	<p>To examine the relationship between managers' beliefs about exporting, their export intentions, subsequent export behaviour and further future exporting intentions among exporting firms.</p> <p>Empirical study.</p>	Made use of a Rogerian-type of framework (Rogers 1962, 1983).	<p>Individuals in charge of the export activity in SMEs from 25 different industrial sectors in New England, USA were included in the sample.</p> <p>Mail survey was conducted in 1988 and in 1991, being preceded by previous telephone contact with the most adequate person for answering the research questions.</p> <p>Factor analysis and reliability estimates, univariate and multivariate analysis.</p>	<p>While observability, returns to investment and product advantage have a positive relationship to export intention, compatibility is negatively related to export intention. Profitability, complexity and trialability are not significantly related to export intention.</p> <p>In general, the findings show a relationship between export intentions and manager's beliefs about the value of exporting to their own firms, between export intentions and current performance, between export intentions and subsequent export intentions, between subsequent export intentions and performance in the previous period, and between export intentions and firm size. No link could be found between export intention and actual subsequent behaviour or between export intention and subsequent export performance. Data supported the thesis that learning affected results, whereas results, in turn, spurred further learning.</p>

Number/ Author(s)/Year	Objective/Type of Research	Theoretical Approach(es)	Empirical Methodology	Research Findings
Leonidou, Katsikeas, & Piercy (1998)	<p>To provide a specialised, detailed, and integrated review of the studies related to the managerial determinants of exporting during the period from 1960 to 1995. All studies are analysed for their conceptual, methodological and empirical content.</p> <p>Literature review.</p>	<p>Proposed a comprehensive organisational framework of managerial influences on export (propensity, aggressiveness, development and performance). The framework divided the managerial influences in four broad categories: general-objective, specific-objective, general-subjective, specific-subjective.</p>	N/A	<p>Conceptually, the stream of research was found still in its exploratory phase of development, lacking a well-defined theoretical framework aimed to link managerial characteristics to firm's export behaviour and success. Methodologically, the research stream was characterized by a great diversity in the investigation methods. Empirically, only certain managerial characteristics were identified as important in influencing exporting, while other parameters were found to be not significant. Overall, the conceptual, methodological and empirical assessment undertaken revealed that this is one of the most studied, but least conclusive areas of export research.</p>
Westhead, Wright, & Ucbasaran (2001)	<p>To enhance the understanding of the internationalisation of SMEs. To determine if the characteristics of the principal founders, businesses and the external environment can explain the export involvement of the firm. To verify whether exporting firms are larger in size than non-exporting firms and whether exporting firms are more likely to survive than non-exporting firms.</p> <p>Empirical study.</p>	Resource based view	<p>Principal founders of independent business in UK (manufacturing, service and construction sectors). Mail surveys were conducted in 1990/1991 (621 valid responses) and in 1997 (116 valid cases). Telephone interviews were also conducted. The sample obtained in 1997 was compared with the one from 1990/1991. Logistic regression and forced-entry multiple regression analysis.</p>	<p>The study shows that businesses with older principal founders, more resources, denser information, contact networks and considerable management know-how were significantly more likely to be exporters. Businesses with principal founders that had considerable industry-specific knowledge were markedly more likely to be exporters. Previous experience of selling abroad is also a key influence encouraging firms to export. Variables related to general human capital, the ability to acquire financial capital, and competition for resources in the external environment did not significantly predict the subsequent export propensity.</p>

Number/ Author(s)/Year	Objective/Type of Research	Theoretical Approach(es)	Empirical Methodology	Research Findings
Manolova, Brush, Edelman, & Green (2002)	<p>To examine the differences in personal factors between internationalised and non-internationalised small firms by comparing the relative importance of four dimensions of human capital: international business skills, international orientation, perceptions about the environment, and demographic characteristics.</p> <p>Empirical study.</p>	<p>Provided a review of the attention paid by different research streams to the importance of personal factors in small firm internationalisation: Internationalisation process theories (stage models), Export development models, International entrepreneurship, Resource based view.</p>	<p>Key informants in firms with less than 250 employees, in the USA form the sample. Mail surveys were conducted in two phases, in 1995 and 1996, preceded by telephone interviews, yielding 76 and 208 valid answers. Univariate tests, multivariate analysis of variance, factor analysis and Chi-square tests.</p>	<p>The findings showed that personal factors matter with respect to small firm internationalisation. Particularly, managerial skills and environmental perceptions appeared to be the most important dimensions of human capital. Owners/founders or managers who have more positive perceptions of the international environment were more likely to internationalise their business. Owners/founders were likely to draw on their international experience, skills or overall competences when internationalising their firms. International orientation and demographics did not vary between internationalised and non-internationalised firms.</p>
Fernández & Castresana (2005)	<p>To verify the extent to which managerial perceptions of exporting affect the decision to export. To study the managerial perceptions that can help to consolidate the commitment to export (in the case of the SMEs that are already exporting).</p> <p>Empirical study.</p>	<p>Not explicitly grounded in any specific theory. Indicated three explicative factors for the exporting behaviour of the firm related to the manager of the company and chose managerial perceptions to further analyse. Also, indicated several barriers to the export activity.</p>	<p>The sample was formed of managers of SMEs from La Rioja (Spain). Mail survey conducted in 2003, yielded 330 valid answers supplemented by additional information provided by secondary sources. Frequencies analysis, contingency tables, ANOVA tests, chi-square tests, factor analysis and structural equation modelling.</p>	<p>The results show that management's perception about export barriers and advantages is a crucial factor which determines the export involvement of the SME. The most important barriers/obstacles to exporting perceived by the management were related to the lack of information regarding exporting or to the lack of resources (higher in non-exporting SMEs). Once the firm started exporting, the perceived barriers began decreasing. The most relevant perceived export advantages were related to rentability, cost and risk diversification reasons. The export advantages were perceived as higher by managers of exporting business. The perception of export barriers was inversely related to the size of the firm. No conclusive results were obtained regarding the differences in perceptions on export barriers and advantages between family and non family owned business.</p>

Number/ Author(s)/Year	Objective/Type of Research	Theoretical Approach(es)	Empirical Methodology	Research Findings
Suárez & Álamo (2005)	<p>To examine the particular organisational and managerial determinants of the different aspects of the firm's export development process: intention, propensity and intensity.</p> <p>Empirical study</p>	<p>Not specifically grounded in any particular theory. They elaborated a framework on the internal determinants of export involvement including firm specific factors, management characteristics and management attitude as determinants for the export intention, propensity and intensity of the company.</p>	<p>The sample was composed of the general managers of Spanish firms in the wine industry. Mail survey yielded 286 valid responses. Student t test, factor and reliability analysis, one-way ANOVA, contingency tables, chi-square test.</p>	<p>Export intention was positively related to: a firm's competitive position in new product development and managerial perceptions that export is advantageous for their firm, as it might improve global competitiveness and corporate performance.</p> <p>Export propensity was positively influenced by: a firm's experience in geographic market development and manager's foreign language proficiency.</p> <p>Export intensity was positively associated with a firm's experience in geographic market development, manager's foreign language proficiency and experience abroad whereas negatively affected by the importance given by managers to the lack of internal resources which acted as a barrier to export.</p>
Hutchinson, Quinn, & Alexander (2006)	<p>To explore the role of management characteristics in the international development of SMEs.</p> <p>Empirical study.</p>	<p>Not explicitly grounded in any specific theory. They aim to build theory for an under explored area of research.</p>	<p>Multiple case approach. Nine international retail SMEs with sale turnover less than £25 million, established physical presence both within and outside the UK, with Head Office in the UK, including subsidiaries of holding and parent companies and at all stages of the international continuum were included in the sample.</p>	<p>The importance of managerial objective and subjective characteristics as determinants which influence not only the initial decision to expand to foreign activities, but also the subsequent international development is highlighted.</p> <p>Regarding the objective characteristics, both the ability to network and the international experience and business skills of the decision maker appeared to significantly influence not only the motives to expand, but also the process and strategies of international development.</p> <p>Turning to the subjective managerial characteristics, the combination of the entrepreneur and the positive attitude towards internationalisation with respect to the risks involved played key roles.</p>

Number/ Author(s)/Year	Objective/Type of Research	Theoretical Approach(es)	Empirical Methodology	Research Findings
Katsikea, Theodosiou, & Morgan (2007)	To explore the role of sales management activities and performance attributes in impacting sales organisation effectiveness in export venture markets. Their main purpose is to develop and test a model of export sales management activities, managerial attributes, environmental factors, and export sales organisation effectiveness. Empirical study.	Not explicitly grounded in any specific theory. They propose and test a comprehensive conceptual model of export sales effectiveness.	Mail survey. Three mailings were undertaken. 146 UK-based exporting firms of industrial products were included in the valid sample. Structural equation modelling (SEM).	The pivotal role played by the export sales manager in driving the effectiveness of the export sales organisation is highlighted. More specifically, export sales managers influence the effectiveness of their company through the outcomes they produce in terms of market share, sales revenues, and sales of new product(s) lines. Their success in generating results is dependent upon their behavioural performance. Export sales managers appear to perform better in export markets they perceive as more attractive in terms of sales potential, workload, and intensity of competition. Psychic distance influences the level of export managers' satisfaction with the export venture territory situation. The sales management control strategy has no significant association with export sales manager performance.
Leonidou, Katsikeas, Palihawadana, & Spyropoulou (2007)	To critically analyse and creatively synthesise the motives that may stimulate smaller firms to export based on a review of 32 empirical studies carried out in different parts of the world between 1974 and 2005. Literature review.	Not explicitly grounded in any specific theory. They develop a complex classification of export stimuli according to their internal or external nature as well as according to their proactive or reactive character.	N/A	The results of the review reveal that export stimulation may stem from numerous factors, and may vary according to time, spatial and industry context. Irrespective of the contextual factors, several motives systematically play a crucial role for stimulating smaller firms to export: the desire to achieve extra sales, profits and growth, exploit better idle production capacity, use a unique or patented product, compensate for a saturated domestic demand, respond to unsolicited foreign orders and reduce home market dependence.

Table 2.2 General information about the companies

	Case A	Case B	Case C	Case D
Year established	1959	1985	1982	2003
No. of employees	70	30	12	30
Activity	Electrical equipment (Manufacturer & trader)	Antennas devices (Manufacturer & trader)	Security systems (Manufacturer, designer & trader)	Machinery & equipment (Manufacturer & trader)
Year initiation exporting	1972	1988	1997	2003
(%) Export ratio	66%	32%	25%	90%
Export countries	France, Italy, Germany, UK, Holland, Switzerland, Costa- Rica, Argentina, Chile, Israel, Libya, Tunisia	France, Portugal, Greece, UK, Germany, Austria, Belgium, Netherlands, Luxembourg, Denmark, Finland, Sweden, Slovenia, Poland, Czech Republic, Romania, Bulgaria, Lithuania, Moldova, Ukraine Russia, Switzerland, Norway	France, Portugal, Greece, Germany, Sweden, Finland, Turkey, Malaysia, Singapore, Arabia Saudi, Algeria, Australia	France, Portugal, Italy, Greece, Sweden Czech Republic, Russia, Turkey, U.S.A., Canada, Mexico, El Salvador, Guatemala, Honduras, Colombia, Ecuador, Bolivia, Venezuela, Brazil, Argentina, Lebanon, Jordan, Syria, Iran, India, Bangladesh, Pakistan, Uzbekistan, Turkmenistan, Thailand, Vietnam, Indonesia, Philippines, China, Korea, Morocco, Egypt, Australia
Export zones	5 export zones: ■ E.U. 27 ■ Rest of Europe ■ Latin America ■ Asia ■ Africa	2 export zones: ■ E.U. 27 ■ Rest of Europe	5 export zones: ■ E.U. 27 ■ Rest of Europe ■ Asia ■ Africa ■ Australia	7 export zones: ■ E.U. 27 ■ Rest of Europe ■ North America ■ Latin America ■ Asia ■ Africa ■ Australia

Table 2.3 Managerial characteristics and perceptions

	Case A	Case B	Case C	Case D
Person in charge of exporting	Owner-entrepreneur	Owner-entrepreneur	Export manager	Managing director
Demographics				
Age (export involvement)	28	47	26	37
Educational level	University studies (Lawyer)	Master studies (MBA)	University studies (Lawyer)	University studies (Ind. Engineer)
Industry and management know-how	He has always worked in the same firm and industrial sector being the heir of his father's business; he has not owned or held a managerial or professional position in another firm.	He previously worked in the antenna producing sector owning two firms and being the director of another one, all antenna manufacturers.	She has worked part-time in the firm since the age of 18, helping her father, owner of the company; she has not owned or held a managerial or professional position in another company.	He worked in The Spanish Association of Textile Machinery for 8 years. Also, he was the director of The Spanish Association of Textile Machinery, and of a firm in the same sector, in Mexico, for 4 years.
International outlook				
Foreign language skills	He learned English, Italian and French in order to be able to communicate with the firm's customers.	The foreign language skills (French, English Italian) provided important support in the export development.	The firm would not have started and grown through exporting without the language skills (English, French, Italian, Portuguese).	Only English is a requirement for export involvement and development, in their sector.
International experience	He recognised the importance that his international experience and international business knowledge has for exporting. However, he has not studied or worked abroad; he has only travelled in both business and visiting purposes.	He believed that international experience and knowledge is a necessary asset for export success. Nevertheless, he has not studied or worked abroad; he has only travelled in both business and visiting purposes and lived for short periods of time in Italy.	International exposure and experience leads to an international mindset that is extremely relevant for dealing with foreign customers. She stressed that the international knowledge gained while studying in the USA (3 years), working in Greece (1 year) and travelling were vital for firm's export activity.	International marketing, finance, management knowledge as well as knowledge regarding global markets were reported to be extremely important for the export activity. He has worked for 4 years in Mexico, and travelled in both business and visiting purposes.

	Case A	Case B	Case C	Case D
Risk tolerance and innovativeness	Risk in exporting was not perceived as elevated, especially once the initial involvement stage was completed. He did not present any resistance to change. He considered exporting an innovative action that the firm had to adopt in order to grow.	He is an entrepreneurial person and he enjoys taking risks. Moreover, he wanted to innovate, to evolve, to change, to grow and, thus the firm started exporting.	She did not see exporting as risky; she perceived no difference in terms of risk between selling on the domestic or on the foreign market. Currently you have to innovate and adapt 100% in order to be competitive.	He did not consider exporting risky. According to him, at present exporting is a necessity, not really a challenge anymore. "Exporting is like the air you breathe", a requirement. He never felt any resistance to change or felt scared regarding exporting.
Perceptions regarding exporting (stimuli and barriers)	<p><i>Perceived export stimuli:</i> Growth and high profit prospects on the international markets, the excessive production capacity, saturation of the domestic demand, the possession of information about opportunities in the foreign markets, export commitment.</p> <p><i>Perceived export barriers:</i> Were not too important; on the EU market, only in Germany, they had difficulties in being accepted due to the different product standards; the same problems were encountered on the USA market.</p>	<p><i>Perceived export stimuli:</i> Company growth through exporting and higher profits than on the domestic market, the existence of contacts (social network) and of business opportunities abroad; the know-how advantage.</p> <p><i>Perceived export barriers:</i> He considered that the possible barriers to exporting can be overcome. For example, the perceived difficulties related to the monetary exchange rate fluctuations were easily overcome.</p>	<p><i>Perceived export stimuli:</i> Growth and high profit prospects overseas, entrance of foreign competitors on the domestic market, support received from the Spanish governmental organisms, unsolicited foreign demands, the innovation, adaptation and production capacity, price flexibility and appropriate information possession.</p> <p><i>Perceived export barriers:</i> The export manager perceived very few export barriers, only due to cultural, legal and political differences between the home and host markets (such as Algeria and Benelux) reading payment procedures, homologations, and distribution channels.</p>	<p><i>Perceived export stimuli:</i> Ensure firm survival and growth through exporting, acute demand shrinkage on the home market, unsolicited foreign orders, export commitment, highly skilled human resources team and prepared for starting the export activities.</p> <p><i>Perceived export barriers:</i> He perceived low export barriers which stemmed from linguistic, cultural and legal difference between the home and host markets (such as linguistic misunderstandings, dissimilar business practices, limited experience of some customers, distinct legal systems, change of fashion and clothing style).</p>

Figure 2.1 Research framework: Managerial determinants of SMEs' export behaviour

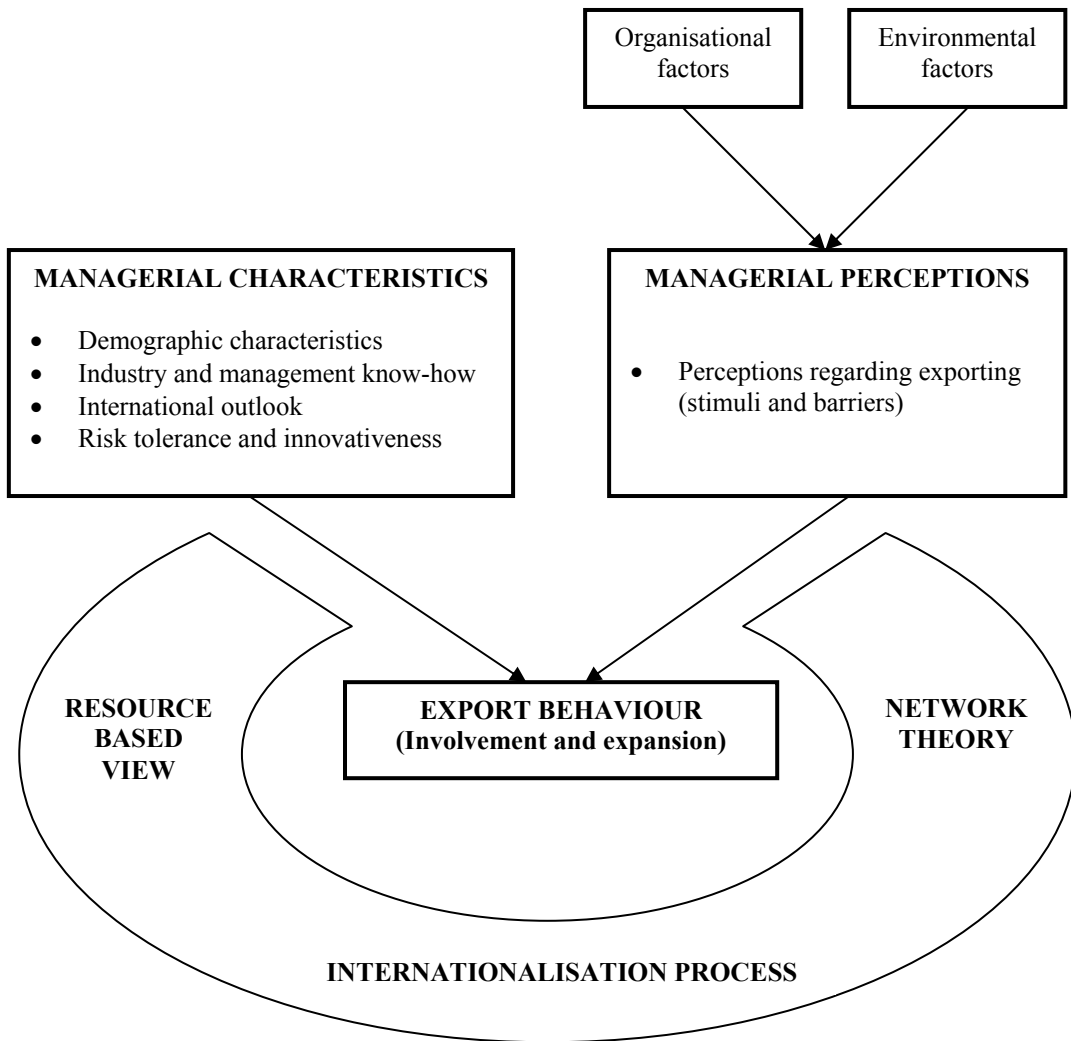
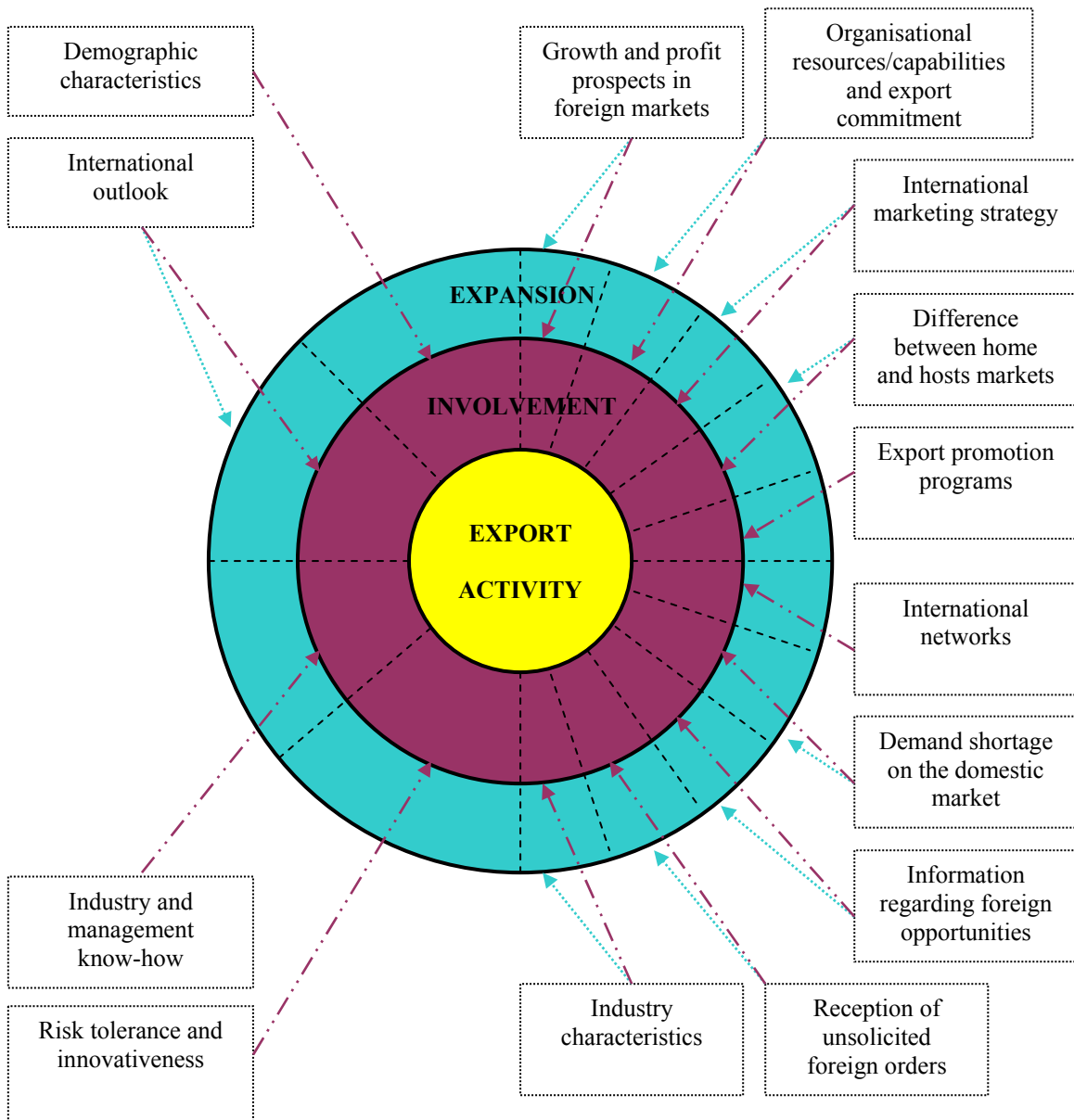


Figure 2.2 Prevalent export determinants according to stage (export involvement and expansion)



3. Export Performance under the Microscope: A Glance through Spanish Lenses

Abstract

The aim of the paper is to provide a comprehensive picture of the export performance determinants of Spanish small and medium-sized enterprises (SMEs) by jointly studying the influence of internal (managerial and organisational) and external (environmental) antecedents as well as responding to recent calls for research in the international business literature by investigating the potential relationship existing between objective and subjective (perceptual) measures of export performance. Based on the literature review and mainly embedded in the resource-based view of the firm, the proposed conceptual model is tested within a sample of Spanish exporting firms using regression analysis and structural equation modelling. The results show that managerial foreign language skills and international business knowledge, firm's export commitment as well as the technological intensity of the industry are the most influencing antecedents of export performance. Moreover, a strong positive relationship is observed between the objective and subjective export performance measures. The authors draw several concluding remarks highlighting the contributions, implications and limitations of the study before discussing some future research directions.

Keywords: Export performance determinants; SMEs; Spain.

3.1 Introduction

As a result of the increasing tendency towards a global economy and the interdependence of countries for resources, goods and commercial services, international business involvement is becoming particularly relevant both in terms of national prosperity and for individual organisations. Exporting constitutes the most popular, quickest and easiest way for many small firms to internationalise (Leonidou, Katsikeas, Palihawadana, & Spyropoulou, 2007). Indeed, in the case of small and medium enterprises (SMEs) exporting activities gain particular importance for their survival, growth and long-term viability, since exporting represents a less resource-laden approach as compared with alternative foreign market entry and expansion modes, such as joint ventures arrangements or manufacturing operations overseas (Morgan & Katsikeas, 1997). This research is focused on SMEs due to their recognised importance to economic growth, innovation, job and wealth creation in most countries, as they often account for the main part of the industrial base (Acs, Morck, Shaver, & Yeung, 1997; Karadeniz & Göçer, 2007; Katsikeas, Bell, & Morgan, 1998; Nieto & Fernández, 2006; Sousa, 2004). Also, improving the international contributions of the small business sector is widely considered as an increasingly important policy priority in countries across the world.

Firms' survival and expansion and the consequent economic growth of numerous countries is strongly contingent upon a better comprehension of the determinants that influence their export performance (Sousa, Martínez, & Coelho, 2008). During the last four decades, numerous studies have related one or multiple of these determinants to export performance, however most of them adopting either an internal perspective (managerial and/or organisational factors) or an external one (environmental factors), while only few have considered both groups simultaneously. Furthermore, no universal agreement has

been reached in the international business literature regarding which are the relevant determinants of export performance and their measurement (Sousa, Martínez, & Coelho, 2008; Wheeler, Ibeh, & Dimitratos, 2008; Zou & Stan, 1998) or how to measure export performance (Katsikeas, Leonidou, & Morgan, 2000; Sousa, 2004; Wheeler, Ibeh, & Dimitratos, 2008; Zou & Stan, 1998). Nevertheless, it has been acknowledged that export performance determinants should be assessed at two main levels – the internal and the external levels (Sousa, Martínez, & Coelho, 2008) and that, in order to provide a more comprehensive picture of export performance, both the objective and subjective modes of assessment should be employed (Dimitratos, Lioukas, & Carter, 2004; Katsikeas, Leonidou, & Morgan, 2000; Shoham, 1998; Shoham, Evangelista, & Albaum, 2002; Sousa, 2004; Wheeler, Ibeh, & Dimitratos, 2008).

Closely related to this, another issue of increasing interest has lately emerged in the international business literature, and has yet received very little attention: the potential influence of certain dimensions of export performance on other export performance dimensions. Scholars have argued that no attempt has been made to examine the relationship between objective and subjective export performance measures (Katsikeas, Leonidou, & Morgan, 2000) and have recently highlighted that future research should consider the possibility that some dimensions of export performance may act as determinants for some other export performance dimensions (Diamantopoulos & Kakkos, 2007; Sousa, Martínez, & Coelho, 2008).

In addition, there is a certain need for research to pay attention to European firms, as most studies on the export activity have focused either on companies based in the United States of America (USA) (Calantone, Kim, Schmidt, & Cavusgil, 2006) or on the Anglo-Saxon

context in general, as recent reviews on export performance reveal (Sousa, 2004; Sousa, Martínez, & Coelho, 2008). Spain represents one of the European economic settings which has received limited research attention in the export centred literature (Suárez & Álamo, 2005). Similar to many other (European Union) EU countries, Spain's economic growth is dependent on the results of the export activity. Merchandise and commercial service exports have gradually increased after Spain joined the EU, in 1986, and have also been stimulated by the European Monetary Union (EMU), 2001. Currently, the Spanish economy presents a degree of international openness of approximately 65% to the GDP (Lucio, Mínguez, Valero, & Mednik, 2008) and ranked seventh for merchandise exports and fifth for commercial services exports among the EU countries, in 2005 (WTO, 2006). All together, these characteristics demonstrate that Spanish firms are strongly motivated to pursue and improve their international activity, thus the topic related to export performance and its potential determinants becomes essentially relevant in this context.

In light of the above, the purpose of the present study is to provide a comprehensive picture of export performance by studying the influence of its internal (managerial and organisational) and external (environmental) determinants as well as by investigating the possible impact the objective export performance mode of assessment may have on the subjective one. To this aim, the study is organised as follows: first the theoretical background is discussed. Next, a literature review on the internal and external determinants of export performance, also highlighting the potential relationship established between the objective and subjective export performance measures, is provided. Consequently, the conceptual model and the hypotheses are proposed. A method section describes the data collection process and measures utilised. Then, the results are presented and discussed.

Finally, conclusions are drawn, and a review of the implications for academia and practitioners, limitations of the study and directions for future research are provided.

3.2 Theoretical Background

One of the dominant theoretical perspectives in the business strategy literature, the Resource Based View (RBV), is lately gaining momentum in international business (Fahy, 2002), becoming a burgeoning approach, with contributions from a wide variety of authors and institutions around the world (Peng, 2001). The appropriateness and explanatory power of the RBV for the study of the export performance of the firm as well as its increasing employment in international business research have been confirmed by numerous scholars (Dhanaraj & Beamish, 2003; Ibeh & Wheeler, 2005; Katsikeas, Leonidou, & Morgan, 2000; Matanda & Freeman, 2009; Morgan, Vorhies, & Schlegelmilch, 2006; or Wheeler, Ibeh, & Dimitratos, 2008).

According to the RBV, firm resources are sources of competitive advantage. Competitive advantage is defined by Barney (1991, p.102), as occurring when a firm “*is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors*”. This author also highlights that sources of sustained competitive advantage are firm’s resources which are valuable, rare, imperfectly imitable and non-substitutable. In this sense, an important implication of the RBV is that a broad range of individual, social and organisational phenomena within the firms might be sources of sustained competitive advantage. Firms can be conceptualised under the RBV as “*unique bundles of accumulated tangible and intangible resources stocks*” (Roth, 1995, p. 200). Bloodgood, Sapienza, and Almeida (1996) further build on this idea arguing that those firms which present unique bundles and combinations of resources stocks might have a higher proclivity towards

internationalisation. Similarly, Hitt, Bierman, Uhlenbruck and Shimizu (2006) suggest that in order to be successful, businesses ought to have the appropriate resources for international expansion. It is noteworthy mentioning that although the RBV suggests that the main determinants of firm's export performance are the organisational resources, this does not imply the lack of regard for the external environment as access to market and relational resources constitute a key complement of the RBV approach (Ibeh & Wheeler, 2005).

Nevertheless, it is of high relevance to acknowledge that firm's resources need to be managed effectively for obtaining a competitive advantage (Chandler & Hanks, 1994; Sirmon, Hitt, & Ireland, 2007), especially as smaller firms face specific resource constraints (e.g. Bell, Crick, & Young, 2004; Bonaccorsi, 1992; Etemad, 1999; Ghauri & Herbern, 1994). The role played by the manager(s) in the typical SME becomes of utmost importance, as decision making and consequently firm's activities and commitment to exporting are likely to be determined by one individual or a small management team (Boter & Holmquist, 1996; Crick & Chaudhry, 1997; Fernández & Nieto, 2005; Hutchinson, Quinn, & Alexander, 2006; Lautanen, 2000; Lloyd-Reason & Mughan, 2002). On the other hand, human capital or personal factors may help overcome inadequacies in resources stocks, and, therefore constitute a potential source of differential advantage for the internationalised small firm (Manolova, Brush, Edelman, & Greene, 2002). Furthermore, managers can play a crucial role in creating a fit between the firm and its environment (Chandler & Hanks, 1994; Dimitratos, Lioukas, & Carter, 2004; Sirmon, Hitt, & Ireland, 2007). Thus, drawing on the RBV insight, company managers may represent some of the most valuable, unique and difficult to imitate resources (Peng, 2001).

In summary, in light of the above mentioned, the present study relies on the RBV for providing theoretical underpinning in order to explain the export performance phenomenon in Spanish SMEs.

3.3 Literature Review and Hypotheses

A review of the literature concerned with the antecedents of firm's export performance reveals that there have been generally identified three main groups of such factors: managerial, organisational and environmental determinants. The first two groups of factors represent internal determinants which can be controlled by the management while the last group, the external determinants, can only be controlled to a limited extent by the firm. In what follows, a literature review on the most significant export performance determinants, which at the same time are relevant, at present, for the Spanish SMEs context³ is provided. They are also displayed in the conceptual model illustrated by Figure 3.1.

(“Insert Figure 3.1 about here”)

3.3.1 Managerial determinants

There is a lack of agreement among scholars regarding what constitutes the managerial factor in determining exporting and what specific export dimensions are influenced by managers (Leonidou, Katsikeas, & Piercy, 1998). However, certain managerial characteristics such as those related to the international outlook of the decision maker as

³ For determining which of the export performance determinants and measurement elements, highlighted by the international business literature were of relevance, currently, for the export behaviour of Spanish SMEs, four case-studies with decision makers from such companies were carried out (Stoian & Rialp, 2006). Consequently, the conceptual model presented in Figure 3.1 was previously assessed and revised by employing a qualitative research method.

well as perceptions regarding export stimuli and barriers have generally been acknowledged as shedding light on export performance.

3.3.1.1 Managerial international outlook

As emphasised by the RBV, decision maker's skills and knowledge may be the most important asset for the SMEs' international activity, often acting as a substitute for the potential scarcity in resources specific to smaller firms (Boter & Holmquist, 1996; Hutchinson, Quinn, & Alexander, 2006; Lautanen, 2000; Lloyd-Reason & Mughan, 2002; Manolova, Brush, Edelman, & Greene, 2002; Peng, 2001). The international outlook of the decision maker is related to characteristics such as previous international experience, foreign language skills, time spent abroad and international business knowledge (Lloyd-Reason & Mughan, 2002).

Drawing on previous international experience managers are able to benefit from already existing international business networks, to develop knowledge of opportunities for expansion into new international markets, to employ certain routines from previous employments that facilitate the establishment and operation of new offices, to manage relationships and activities in new environments, to improve the ability of dealing with foreign markets and customers (Czinkota & Ursic, 1991; Gray, 1997; Hallbäck & Larimo, 2007; Hitt, Bierman, Uhlenbruck, & Shimizu, 2006; Manolova, Brush, Edelman, & Greene, 2002; Sapienza, Autio, George, & Zahra, 2006).

Foreign language proficiency may help to establish social and business contacts abroad, improve communication with overseas customers, enhance the understanding of foreign business practices, facilitate effective planning and control of the export activities (Leonidou, Katsikeas, & Piercy, 1998) or may conduct to a more versatile approach to

export market decisions, as managers who possess linguistic skills are more likely to assess new markets and pull out of existing ones than non-linguists (Williams & Chaston, 2004). In general, it has been argued that firms which are run by decision-makers who speak foreign languages reach higher levels of export performance than firms led by monolingual managers (Czinkota & Ursic, 1991; Kaynak & Kuan, 1993; Knowles, Mughan, & Lloyd-Reason, 2006; Lautanen, 2000; Suárez & Álamo, 2005).

Similarly, decision maker's exposure to foreign cultures may also affect export performance. The time the manager has spent abroad, living, working or studying, allowed for the accumulation of greater experiential knowledge regarding the international market's characteristics (Leonidou, Katsikeas, & Piercy, 1998). Also, a recent study argues that by travelling abroad decision makers are better prepared to study the international market, identify foreign business opportunities as well as encounter potential overseas clients (Leonidou, Katsikeas, Palihawadana, & Spyropoulou, 2007).

Yet, it is not only the above mentioned determinants that may influence export performance, but also the actual international business knowledge possibly acquired with the aid of these factors or based on former international business focused education and most likely required in order to yield high export performance, as previously emphasised by Gray (1997). In this sense, decision maker's understanding and familiarity with international marketing, management, finance, legal systems and ICT practices together with prior knowledge of the global market is assumed to have a positive influence on company's export results. Therefore, the following hypotheses related to manager's international outlook are proposed:

H1a. International experience is positively related to SME's export performance.

H1b. Foreign language skills are positively related to SME's export performance.

H1c. The time spent abroad is positively related to SME's export performance.

H1d. International business knowledge is positively related to SME's export performance.

3.3.1.2 Managerial perceptions regarding export stimuli and barriers

Furthermore, in addition to the managerial international knowledge and skills certain managerial perceptions regarding export stimuli and barriers are considered to be good predictors of export success (Aaby & Slater, 1989; Chetty & Hamilton, 1993; Hutchinson, Quinn, & Alexander, 2006; Leonidou, Katsikeas, & Piercy, 1998; Wheeler, Ibeh, & Dimitratos, 2008; Zou & Stan, 1998).

According to Cavusgil (1984) the development of export activities is related to the goals of the firm; however, once the firm reaches a certain export involvement, the most important export impetus is represented by the perceived profits. Indeed, previous research reports that managerial perceptions of export offering superior growth and returns, when compared to selling on the domestic market, represented a key determinant of export performance (Axinn, 1988) and that better performing export companies were managed by decision makers characterised by relatively high aspirations for company growth and profits through international market operations (Gray, 1997).

The extent to which a firm is motivated to export by sales/profit goals is largely contingent upon the decision maker's perceptions about the export markets (Leonidou, Katsikeas, Palihawadana, & Spyropoulou, 2007). Perceived similarities and/or differences between the domestic and the host market may determine firm's export behaviour and consequently influence its export performance. Sousa, Martínez, and Coelho (2008) remark, in their

recent review, that such similarities have often been highlighted as an important determinant of export performance. According to these authors, the underlining assumption behind this idea is that similarities are easier for firms to control than dissimilarities are, thus increasing the likelihood of attaining success in rather similar markets. Therefore, it is crucial to take into consideration the way the general environment is perceived by the management, in international business, with socio-cultural and political factors being the main dimensions (Cateora, 1996). Likewise, Theodosiou and Katsikea (2007) assert that export executives are more capable of advising export sales managers to perform assigned duties in foreign markets which are perceived as psychologically close to the home market. Despite its relevance, the influence the managerial environmental perceptions have on the internationalisation of the company represents a research area relatively under explored (Manolova, Brush, Edelman, & Greene, 2002). Thus, the following hypotheses are advanced:

H1e. The more important the management perceives the contribution of the export activity for firm's sales growth and profit, the more likely a positive relationship with SME's export performance.

H1f. The more the management perceives the environmental differences to represent barriers for the export activity, the more likely a negative relationship with SME's export performance.

3.3.2 Organisational determinants

Various firm's characteristics have been identified in the literature as direct determinants of export performance, most of them, however provided rather contradictory results.

Drawing on the RBV insight, the organisational resource base determines firm's export performance. Firm size has frequently been used as a proxy for organisational resources availability as it is generally agreed in the international business literature that larger companies possess more human and financial resources as well as production capacity, achieve higher levels of economies of scale, and are likely to perceive lower levels of risk regarding foreign markets and operations (Katsikeas, Deng, & Wortzel, 1997); all these size-related characteristics would ultimately lead to export success (Bonaccorsi, 1992). Moreover, it is also argued that larger firms possess a greater amount of "slack resources" (i.e., unused and/or underutilised resources) which enable them to direct more efforts to export activities (Badauf, Cravens, & Wagner, 2000). However, findings on the influence of firm size on export performance have been mixed: various studies have established a positive relationship between firm size and export performance (e.g.: Lado, Martínez, & Valenzuela, 2004; Larimo, 2006; Majocchi, Bacchiocchi, & Mayrhofer, 2005) whereas other researchers obtained opposite results for different export performance indicators (Kaynak & Kuan, 1993) or found no association or a negative one (Bonaccorsi, 1992; Brouthers & Nakos, 2005; Katsikeas, Piercy, & Ioannidis, 1996; Pla & Alegre 2007).

Apart from firm size, business experience either assessed as firm age or its international experience has emerged as a key determinant of export performance. From a resource-based perspective, firm age and international experience could be considered as proxies for a firm's knowledge on the domestic and overseas markets, especially through experiential

learning (Forsgren, 2002; Karlsen, Silseth, Benito, & Welch, 2003). In this sense it was suggested that experiential knowledge about foreign markets and operations is a driving force for business internationalisation (Johanson & Vahlne, 1977; Katsikeas, Piercy, & Ioannidis, 1996). The accumulation of experience on the domestic and international markets enables the SME to develop certain capabilities required in the export activity. Previous research on the relationship established between firm experience and the subsequent export performance reveals rather contradictory results. When looking at firm age, some scholars observed a significant positive relationship with company's export intensity (Majocchi, Bacchiocchi, & Mayrhofer, 2005) while others found no association between the firms' foundation year and export intensity (Moen & Servais, 2002) or reported that younger firms obtained better exporting results in terms of intensity and sales (Badauf, Cravens, & Wagner, 2000). Likewise, prior studies on the link between firm's international experience and export performance, yielded mixed results. While scholars such as Dean, Mengüç, and Myers (2000), Dominguez and Sequeira (1993), Lado, Martínez, and Valenzuela (2004) or Moen and Servais (2002) observed a positive relationship between firm export experience and export performance, Brouthers and Nakos (2005) and Naidu and Prasad (1994) identified a negative association.

In addition, prior research has highlighted firm's export commitment as an important determinant of export performance (e.g.: Cavusgil & Naor, 1987; Coviello, Ghauri, & Martin, 1998; Katsikeas, Piercy, & Ioannidis, 1996; Lado, Martínez, & Valenzuela, 2004). More precisely, it is considered that if a firm is committed to exporting it dedicates special efforts and allocates important resources to the export activities, thus higher export performance results are likely to be attained. In this sense, variables such as the existence of a separate export department (Katsikeas, Piercy, & Ioannidis, 1996; Lado, Martínez, &

Valenzuela, 2004), research activities in international markets (Cavusgil & Naor, 1987; Katsikeas, Piercy, & Ioannidis, 1996), regular visits to the export markets (Cavusgil & Naor, 1987; Katsikeas, Piercy, & Ioannidis, 1996) and export planning (Katsikeas, Piercy, & Ioannidis, 1996; Lado, Martínez, & Valenzuela, 2004) have been used for explaining export performance or related export activities, in most cases revealing positive significant associations, however with some exceptions (e.g. Katsikeas, Piercy, and Ioannidis (1996) observed a few non significant relationships and a negative association between some of the export commitment items considered and firm's export performance). Hence, considering the above mentioned, the relationships between several firm characteristics (i.e. firm size and experience and, occasionally, export commitment) and the subsequent export performance still represent controversial issues in the international business literature, therefore remaining an area of increased research interest. Consequently, and in accordance with the RBV, the following hypotheses are posited:

H2a. Firm size is positively related to SME's export performance.

H2b. Firm experience is positively related to SME's export performance.

H2c. Firm export commitment is positively related to SME's export performance.

3.3.3 Environmental determinants

Export performance may also be influenced by several environmental factors. Despite their relevance for export activity these factors have received rather limited research attention in the international business literature (Katsikeas, Leonidou, & Morgan, 2000; Wheeler, Ibeh, & Dimitratos, 2008; Zou & Stan, 1998) hence revealing a pressing need for more empirical investigations on this topic.

Provided the domestic market is limited in size, firms would benefit from operating on the larger international market (Aw, Chung, & Roberts, 2000). Prior studies suggest that vigorous competition on the domestic market (Dean, Mengüç, & Myers, 2000; Namiki, 1988; Seyoum, 2004) together with maturing and/or declining domestic markets demand, or limited home market opportunities (Dean, Mengüç, & Myers, 2000; Hallbäck & Larimo, 2007; Kaynak, Ghauri, & Olofsson-Bredenlöv, 1987; Namiki, 1988) may determine firms to focus their attention mainly on the overseas markets.

In this context, the information availability regarding potential export opportunities plays a crucial role for a successful export activity. Taking into account the complexity and uncertainty of the export related decision making process, the acquisition of sufficient information regarding foreign markets and operations (Leonidou & Katsikeas, 1996) or, in other words, the availability of good market information and knowledge of foreign market attractiveness (Whitelock & Jobber, 2004) play a crucial role for a firm's export expansion (Leonidou & Katsikeas, 1996), ultimately leading to improved export performance (Diamantopoulos & Souchon, 1999; Souchon & Diamantopoulos, 1996).

On the other hand, regardless of the situation on the domestic market or the availability of information regarding opportunities overseas, another exogenous factor to the firm may have a certain impact on firm's export performance: the reception of unsolicited foreign orders. Researchers have previously highlighted unsolicited foreign orders as an important impetus for the development of the export activity (Cavusgil, 1984; Crick & Chaudhry, 1997; Diamantopoulos, Schlegelmilch, & Allpress, 1990; Hallbäck & Larimo, 2007; Kaynak, Ghauri, & Olofsson-Bredenlöv, 1987) or have stressed their relevance for the export performance level, measured as export intensity (Majocchi, Bacchiocchi, &

Mayrhofer, 2005). This study intends to explore the potential link established between the unsolicited foreign orders received by the firm and its subsequent export performance, measured both objectively and subjectively.

Furthermore, industry characteristics define the competitive environment within which firms operate, even more so, the smaller the firm's resources (Majocchi, Bacchiocchi, & Mayrhofer, 2005). From a RBV perspective, technology represents one of firm's main sources of competitive advantage (López & García, 2005). Prior empirical research shows that high-technology firms (knowledge intensive firms) obtained better exporting results as compared to their low-technology counterparts (traditional firms) (Bell, Crick, & Young, 2004) or that firms belonging to the technological intensive sector attained higher levels of export intensity (López & García, 2005). The above mentioned findings were confirmed by Wheeler, Ibeh, and Dimitratos' (2008) review which states that the level of technological intensity of the industry seems to be a relevant predictor of export performance, the association established between the two being a positive one. Accordingly, the following hypotheses are advanced:

H3a. The higher the demand shortage on the domestic market, the higher the SME's export performance.

H3b. The higher the information availability regarding foreign opportunities, the higher the SME's export performance.

H3c. The higher the reception of unsolicited foreign orders, the higher the SME's export performance.

H3d. The technological intensity of the industry is positively related to SME's export performance.

3.3.4 On the relationship between objective and subjective export performance measures

Another issue of increasing interest in the international business literature, which has received to date, almost no research attention, is concerned with the possible influence of certain dimensions of export performance on other export performance dimensions. Katsikeas, Leonidou, and Morgan (2000) state that while numerous studies used multiple measures of export performance, none explored trade-off interactions among different export performance dimensions and more specifically no effort has been made to examine the potential link between objective and subjective export performance modes of assessment. Later on, two studies investigating export market-oriented behaviour have observed that certain export performance indicators may act as antecedents to other export performance indicators: export efficiency performance is reported to have an impact on export sales performance, which in turn influences export profit performance (Cadogan, Sundqvist, Salminen, & Puumalainen, 2002) while export growth performance seemed to have an influence on export profit performance (Cadogan, Cui, & Li, 2003). Recent contributions call for further research on the potential relationship existing between different export performance dimensions/assessment modes (Diamantopoulos & Kakkos, 2007; Sousa, Martínez, & Coelho, 2008). Thus, in order to contribute to the development of the international business literature, this study responds to the previously mentioned calls for further research by investigating the potential relationship established between export performance assessed objectively and export performance measured subjectively. Following Evangelista (1994), the subjective measure of export performance (managerial satisfaction with export performance) is influenced by the objective export result. Moreover, the author states that any positive or negative deviations would point to a higher or lower satisfaction level, respectively. Thereby, it is hypothesised:

H4. Objective export performance is positively related to subjective export performance.

3.4 Empirical Methodology

3.4.1 Data collection

In order to empirically test the proposed model quantitative data was collected through an online survey addressed to the decision maker in charge of the export activity in Spanish SMEs. The structured questionnaire used for the survey, was first pre-tested by academics and four Spanish SME export managers. In this way its comprehensibility was assured verifying at the same time which of the export performance determinants and measures highlighted by the international business literature were relevant in the specific context of this research. It is equally important mentioning that the interviews with the practitioners revealed a reticence of the respondents when asked to provide financial information regarding export performance in their companies. Thus, based on the constructive feedback received from the export managers interviewed, it was decided that in order to avoid high item non-response rates, only the least problematic performance variables were to be assessed objectively, namely export intensity and export market geographical coverage while profitability, sales growth, market share and financial results related items were to be subjectively measured by the use of a satisfaction measurement scale.

For selecting the firms to which the questionnaire was aimed, the Kompass data-base was used. A central concern of this research was to assure that the questionnaire respondent was the decision maker in charge of export operations in the firm. In this sense, a personal e-mail address represented an indispensable requirement for participating in the survey. Thus, a sample of 423 decision makers in charge of exports in their respective companies, presenting a personal e-mail address, was identified and selected to participate in the

survey. The questionnaire was sent out in February 2008, and was followed by two other reminder e-mailings. After eliminating those observations that did not provide complete answers for all the questions related to this study, 146 cases (exporting SMEs of at most 249 employees) were considered valid, representing an effective response rate of 34.5%. The issue of the non-response bias was addressed by employing Armstrong and Overton's (1977) extrapolation procedure. More precisely, early respondents were compared to middle and late respondents using a series of t-tests. No significant differences were found between the three groups of respondents with respect to the size, age, export experience and industrial sector of the firms, indicating that non-response bias was not a problem. Moreover, very similar representativeness was observed, in terms of the previously mentioned characteristics, when comparing the 146 valid observation sample to the general population of Spanish exporting SMEs (ICEX, 2008). Also, as the data was collected for both the independent and the dependent variables from the same respondent utilising the same questionnaire format, a potential for common methods bias exists. Thus, in order to rule out this problem the Harman's one factor test was performed on the items (Podsakoff & Organ, 1986). The results of the principal component factor analysis displayed 10 factors with an eigenvalue greater than 1. They also accounted for more than 70% of the total variance. As various factors emerged from the factor analysis and because the first factor accounted for only 22.3% of the variance, common method bias does not appear to exist in the data (Menon, Bharadwaj, Adidam, & Edison, 1999).

3.4.2 Measurement of variables

3.4.2.1 Independent variables

The independent variables used in the regression analyses related to the managerial, organisational and environmental export performance determinants are instrumented as displayed in Table 3.1 while the export performance measurement is presented in the next section.

(“Insert Table 3.1 about here”)

3.4.2.2 Export performance measurement

Research on export performance has grown considerably during the past decade (Sousa, Martínez, & Coelho, 2008; Wheeler, Ibeh, & Dimitratos, 2008). However, no uniform definition of export performance is provided by the literature (Cavusgil & Zou, 1994; Sousa, 2004) and also, in spite of the development of several measurement scales (Lages & Lages, 2004; Zou, Taylor & Osland, 1998), there is yet no full consensus on how to measure export performance (Katsikeas, Leonidou, & Morgan, 2000; Sousa, 2004; Wheeler, Ibeh, & Dimitratos, 2008). On the other hand, international business scholars concur that the objective and subjective measures are complementary in nature and it is advisable to make use of both in order to provide a more comprehensive picture of export performance (Dimitratos, Lioukas, & Carter, 2004; Katsikeas, Leonidou, & Morgan, 2000; Shoham, 1998; Shoham, Evangelista, & Albaum, 2002; Sousa, 2004; Wheeler, Ibeh, & Dimitratos, 2008).

As far as this study is concerned, from the objective perspective, it was chosen to rely on export intensity as well as the export market geographical coverage. Export intensity is, by

far, the most common export performance measure in empirical research (Katsikeas, Leonidou, & Morgan, 2000; Lages & Lages, 2004; Leonidou, Katsikeas, & Samiee, 2002; Sousa, 2004; Sousa, Martínez, & Coelho, 2008), and it was measured as the ratio of exports to total sales in 2007. For assessing export market geographical coverage two distinct variables were used: the total number of export countries in which the firm is active and the number of export zones entered by the SME. The number of export countries/markets served by a firm shows its success in reaching the international community and represents another dominant measure of firm's export performance (Katsikeas, Leonidou, & Morgan, 2000; Samiee & Walters, 1990; White, Griffith, & Ryans, 1998). For measuring the latter variable, which shows the diversity of export coverage, seven major export zones have been considered: a) the European Union, b) the rest of Europe, c) North America (USA and Canada), d) Latin America, e) Africa, f) Asia and g) Australia and Oceania. A similar zone division pattern was previously utilised in another study based on Spanish companies by Lado, Martínez, and Valenzuela (2004). This measure is relevant for reflecting SMEs' export performance as it shows the diversity of export coverage, particularly for the case of Spanish smaller companies, as traditionally they tend to focus their major export efforts on one geographical zone, namely the European Union.

From a subjective point of view, managerial satisfaction with export performance was analysed. For selecting the items included in this construct several scales of prior studies were considered (Albaum & Tse, 2001; Cadogan, Sundqvist, Salminen, & Puumalainen, 2002; Dhanaraj & Beamish, 2003; Lages & Montgomery, 2004; Shoham, 1998; Wilkinson & Brouthers, 2006; Zou, Taylor, & Osland, 1998). More precisely, respondents were asked to self-evaluate, on a five-point Likert scale ("very unsatisfied" = 1; "very satisfied" = 5),

their satisfaction with the following items: i) achievement of export objectives, ii) the results in the main markets as compared to the main competitors (local and international), iii)-iv) the growth of the overseas sales in total/in the main markets, v)-vi) the total market share overseas/in the main markets, vii)-viii) the financial results of the main product/service in total/in the main markets, ix) the profitability of the overseas activities and x) the expansion to new geographical markets.

3.5 Results

The analysis performed for this paper is comprised of four parts. Firstly, descriptive statistics are utilised for revealing a general profile of the exporting firms included in the sample. Next, four factor analysis procedures were employed for checking construct dimensionality, also followed by descriptive statistics and correlations for the variables/constructs utilised in further analyses. Thirdly, Ordinary Least Square (OLS) regression analyses were used with the aim of testing the proposed hypotheses related to the export performance determinants. Finally, Structural Equation Modelling (SEM) was employed to verify whether a positive relationship existed between the objective and subjective export performance modes of assessment.

3.5.1 Profile of exporting firms

In order to describe the sample and to provide the profile of the 146 Spanish exporting SMEs analysed in this study, descriptive statistics were performed offering information regarding the size, age, export experience and industrial sector of the investigated companies as shown in Table 3.2.

(“Insert Table 3.2 about here”)

3.5.2. *Factor analysis results*

Four factor analysis procedures were conducted in order to assess construct dimensionality and to condense and summarise the information related to several determinants, as presented by Table 3.3. KMO and Bartlett sphericity tests were utilised for revealing the correlation degree among the items considered. Next, principal components analyses, with varimax rotation, were conducted and factors with eigenvalues greater than 1 were extracted. Thus, factor scores were calculated, the new dimensions were interpreted and further used in the analysis. The reliability of the newly obtained scales was checked by using the Cronbach alpha coefficient. Most of the constructs considered scored values greater than .70, (excepting Firm experience which scored a value close to .70, namely .623), thus providing internal consistency to the scales, as recommended by Nunnally (1978).

(“Insert Table 3.3 about here”)

Next, as shown in Table 3.4, descriptive statistics and correlations for the independent variables/constructs used in this research are provided. Most of the correlations were below 0.3 indicating no concern of multicollinearity. The variance inflation factor (VIF) was also used to assess multicollinearity between the independent variables. Large VIF values denote high multicollinearity. A common cut-off threshold for VIF values is above 5.3 (Hair, Black, Babin, Anderson, & Tatham, 2005). VIF scores in this study ranged between 1.09 and 1.42. Therefore, multicollinearity did not represent a problem in the data base used.

(“Insert Table 3.4 about here”)

3.5.3 Regression analysis results

The conceptual model (Figure 3.1), was specified as a linear equation and estimated using (OLS) regression procedures, individually, for each of the five export performance indicators: export intensity (Regression Model 1), number of export countries (Regression Model 2), number of export zones (Regression Model 3), satisfaction with export market position (Regression Model 4) and satisfaction with export profitability and new market entry (Regression Model 5). For all five regression procedures, all those variables presented in the literature review and included in the conceptual model, (some of them being the result of a factor analysis procedure, as mentioned above), were used as independent variables. A stepwise method⁴ is applied in order to better understand which determinants significantly contribute to each export performance measure considered, as displayed by Table 3.5.

(“Insert Table 3.5 about here”)

The overall fit of all five regression models performed was statistically significant and they explained 18.1% (Regression Model 1), 13.4% (Regression Model 2), 26.8% (Regression Model 3), 9.6% (Regression Model 4) and 6.6% (Regression Model 5) respectively, of the total variance. Next, the proposed hypotheses are tested. Related to the managerial determinants of export performance hypotheses H1a-f were proposed and tested. Based on

⁴ The results obtained were verified by using another procedure of estimating the linear equations in steps (Katsikeas, Piercy, & Ioannidis, 1996). More precisely, this procedure is based on three steps: i) firstly, the regressions for each dependent variable were run with all the thirteen independent variables/constructs; ii) secondly, in order to achieve efficient coefficient estimates, the model was re-estimated by excluding all those independent variables whose t-statistic took an absolute value lower than unity, as they did not contribute significantly to the explanatory power of the model (Greene, 1993; Greene, 2003); iii) thirdly, to attain a further parsimonious specification as well as improve the efficiency of the estimates from the second-order model, only those variables found to be significant, at the conventional level of 5 per cent, were selected for the final regression models (Katsikeas, Piercy, & Ioannidis, 1996). This regression method yielded very similar results to the stepwise method, thus offering further robustness to our findings.

the literature review, a positive relationship between manager's years of international experience and export performance was predicted. The results revealed indeed, one significant positive relationship between manager's international experience and satisfaction with export profitability and new market entry ($\beta^5 = .171, p < .05$), providing partial support from a subjective point of view for H1a. Regarding the number of foreign languages spoken by the manager, significant positive relationships were observed with all three objective indicators of export performance: export intensity ($\beta = .236, p < .01$), number of export countries ($\beta = .238, p < .01$) and export zones entered ($\beta = .219, p < .01$), thus fully supporting H1b from an objective perspective. The results showed no significant association between the time the manager spent abroad and any of the dependent variables analysed, so the positive connection predicted by H1c was not proved for either the objective, or the subjective export performance measures. The findings support H1d in relationship with three of the dependent variables considered. As predicted, the international business knowledge positively influences the number of export countries ($\beta = .266, p < .01$) and export zones ($\beta = .255, p < .01$) as well as manager's satisfaction with export market position ($\beta = .320, p < .01$).

H1e which proposed a positive impact of the perceived export stimuli on the export performance measures, was supported only for export intensity ($\beta = .313, p < .01$). Likewise, the negative influence of export barriers on export performance, put forward by H1f, was only supported in relationship with export intensity ($\beta = -.163, p < .05$).

Three hypotheses were proposed in relation to the organisational determinants: H2a-c. Firm size, which was expected to be positively related to export performance, H2a, turned

⁵ β = Standardised coefficient.

out not to have a significant effect on neither the objective, nor the subjective modes of assessment of the dependent variable. Partial support is conferred to H2b, from an objective point of view as only one significant association, with a positive sign, was observed between firm experience and the number of export zones entered ($\beta = .151, p < .05$). H2c which indicated that export commitment would positively influence export performance, received partial support from both objective and subjective perspectives, as positive associations were observed with the number of export zones ($\beta = .209, p < .01$) and satisfaction with export profitability and new market entry ($\beta = .196, p < .05$).

Regarding the effects of the environmental determinants on export performance, four hypotheses were tested in the present study: H3a-d. Contrary to the expectations, the findings did not support H3a which posited a positive connection between the shortage of domestic demand and export performance. In this sense, a negative connection is observed with the number of export zones entered ($\beta = -.164, p < .05$). No significant results were obtained for H3b and H3c which predicted a positive impact of the information availability regarding foreign opportunities and of the reception of unsolicited foreign orders on export performance, hence these hypotheses do not receive support. Two positive significant associations were identified between the technological intensity of the industry and export intensity ($\beta = .157, p < .05$) as well as the number of export zones entered ($\beta = .180, p < .05$), as predicted, therefore providing partial support to H3d from an objective measurement perspective.

3.5.4 Structural equation modelling results

3.5.4.1 Reliability and validity analysis

The relationship between the objective and subjective export performance measures was estimated with a structural equation model using Analysis of Moment Structures (AMOS) 7.0 as displayed in Figure 3.2.

(“Insert Figure 3.2 about here”)

Construct reliability was examined by a composite reliability test (Fornell & Larcker, 1981). All the values of the construct reliability⁶ coefficients were above 0.70 (satisfaction with export market position = .907; satisfaction with export profitability and new market entry = .751; objective export performance = .745), thus exceeding the recommended minimum level (Bagozzi & Yi, 1988; Hair, Black, Babin, Anderson, & Tatham, 2005).

Next, convergent and discriminant validity tests have also been conducted. For the scale related to objective export performance the convergent validity analysis is given by the correlation matrix as the construct has one component only. If the correlations between the items are significant, then convergent validity is satisfied for the construct analysed. Table 3.6 shows that correlations were significant for the constructs, at .01 significance level.

(“Insert Table 3.6 about here”)

⁶ CR = (Sum of standardised loadings)²/[(Sum of standardised loadings)² + (sum of indicator measurement error)]; Indicator measurement error = 1– (standardised loadings)² (Lu & Yang, 2007).

For the subjective export performance scale, as it has two components, convergent validity was assessed by examining the correlation between them. As the correlation coefficient obtained is significant at .01 level, indicating that the components converge into a common construct, convergent validity is achieved. Factor loadings have also been investigated. All items had strong and significant loadings on their respective construct, with standardised loadings greater than .50, thereby providing evidence of convergent validity.

Discriminant validity, on the other hand, was assessed as recommended by Burnkrant and Page (1982) and utilised by Tse, Sin, Yau, Lee, and Chow (2003), by comparing the goodness of fit of two measurement models for the two dimensions of the subjective export performance scale: one model is based upon a perfect correlation (constrained at 1) among the two components (restricted model Mr) and another model which does not consider this restriction (non-restricted model Mn). The non-restricted model should present a better fit as compared to the restricted one, in order to assume discriminant validity. The results clearly indicate the better fit of the non-restricted model (Mn) as compared to the restricted model (Mr), thus illustrating that the subjective export performance scale fully satisfies the discriminate validity criterion.

3.5.4.2 Hypothesis testing

Given the results obtained for the reliability and validity measures it is possible to proceed to test H4 through a structural equation model. Although chi-square ($\chi^2 = 96.168$, d.f. = 49) is significant ($p < .01$), it is most probably sensitive to the sample size (Bagozzi & Yi, 1988). Therefore, other fit indexes were computed: $\chi^2/\text{d.f.} = 1.963$, comparative index fit (CFI) = .954, goodness of fit (GFI) = .913, Tucker-Lewis fit index (TLI) = .927, incremental fit index (IFI) = .955, root mean square error of approximation (RMSEA) = .080. The fit indexes obtained suggest a good fit of the model to the data

meeting the traditional cut-off points recommended by the literature with (CFI), (GFI), (TLI) and (IFI) values above .90 and (RMSEA) also presenting an adequate fit (Browne & Cudeck, 1993).

The results provide support for H4 (path coefficient = .391; $p < .01$; see Appendix Table 3.7), clearly denoting a strong positive influence of the objective export performance measure on the subjective one.

(“Insert Table 3.7 about here”)

3.6 Discussion

3.6.1 Export performance determinants

A comparison of the five stepwise regression analyses indicates that differences regarding the determining antecedent variables exist between the objective and subjective modes of assessment, but also within these two groups of measures. Nevertheless, certain determining variables appear to have a significant impact on more than one export performance indicator, hence confirming their increased importance for company’s export success.

The managerial determinant, as posited by the RBV and highlighted by numerous scholars (Boter & Holmquist, 1996; Crick & Chaudhry, 1997; Fernández & Nieto, 2005; Hallbäck & Larimo, 2007; Hutchinson, Quinn, & Alexander, 2006; Lautanen, 2000; Lloyd-Reason & Mughan, 2002; Manolova, Brush, Edelman, & Greene, 2002; Peng, 2001) was clearly the most influential for both the objective and subjective export performance modes of assessment, particularly through decision maker’s foreign language skills and international

business knowledge. This results concur with previous findings in the international business literature (Czinkota & Ursic, 1991; Kaynak & Kuan, 1993; Knowles, Mughan, & Lloyd-Reason, 2006; Lautanen, 2000; Leonidou, Katsikeas, & Piercy, 1998; Suárez & Álamo, 2005; Williams & Chaston, 2004) in the sense that, foreign language proficiency has a strong positive influence on export success definitely playing a key role in facilitating the penetration of foreign markets and improving the ability of conducting business with overseas clients. The lack of significance of the relationship with the manager's satisfaction with export performance may be explained by possible managerial assumptions according to which for doing business internationally, foreign language proficiency represents a compulsory skill. The positive influence the actual international business knowledge (in marketing, management, finance, legal systems, ICT practices and global markets) has on export market geographical coverage, in terms of countries and zones as well as managers satisfaction with export market position stresses the relevance of this determinant for both objective and subjective export performance. In other words, the international business knowledge guides managers to better operate in the highly demanding international business conditions, ultimately leading to export success. Other managerial determinants also shed some light on SME's export performance, although only influencing a single indicator. The international business experience of the decision maker positively affected his/her satisfaction with export profitability and new market entry. A possible explanation for this finding could be that the more familiar the manager is with the international business environment, the better he/she understands and handles foreign markets and clients (Czinkota & Ursic, 1991) or makes use of international networking and product-market knowledge and skills to enter overseas markets (Gray, 1997), simultaneously comprehending the complexity of successfully operating in such a

milieu. Hence, he/she becomes more appreciative of firm's export profitability and expansion results.

Similar to previous contributions (Axinn, 1988 and Gray, 1997), the export incentives regarding growth and higher profit on the overseas markets positively associated with export performance, however only when measured as export intensity. The rationality of this finding is obvious, as it is essentially the rate of export to total sales that ultimately yields higher revenues for the company. Nonetheless, this relationship appears to be moderated, as earlier acknowledged by Leonidou, Katsikeas, Palihawadana and Spyropoulou (2007), by decision maker's perceptions regarding the export markets, more specifically, illustrated in this study, by the negative connection established between the importance attributed to the cultural, linguistical, political and legal difference based barriers and the subsequent export intensity. The perceived export barriers do not seem to have any influence on export market geographical coverage or on manager's satisfaction with export performance. The lack of significance identified in the relationship between the time the manager spent abroad and the subsequent export performance measures suggests that the international knowledge, skills and contacts may have been acquired via other sources such as international training, the internet, the use of intermediaries, etc.

Turning to organisational determinants, for the exporting SMEs analysed in this study, firm size no longer necessarily corresponds to international success, confirming prior findings in the international business literature (Brouthers & Nakos, 2005; Katsikeas, Piercy, & Ioannidis, 1996). Nevertheless, it is not essentially the number of employees that determines firm's export success, but rather their commitment to exporting, as revealed by the results. The existence of an export department in charge of strategically planning

exporting, organising research activities and regular visits to foreign markets helped the company to enter more export zones at the same time conferring the manager a higher level of satisfaction with export profitability and new market entry. Moreover, as revealed by the results, SME's involvement in more export zones requires the accumulation of a certain level of experiential knowledge, both on the domestic and foreign markets. In this sense, support is once more provided to the idea underlined by the RBV, according to which export performance is contingent upon the amount of resources and capabilities dedicated to the export activity.

Regarding the effects of the environmental determinants, surprisingly, the scarcity of domestic demand was associated with a lower number of export zones. However, it is logical to assume that companies may prefer to focus their efforts on increasing their activity in the geographical areas where they are already operating, as entering new export zones implies additional considerable costs for the SMEs. The lack of significance of the associations between the information availability regarding foreign opportunities or the reception of unsolicited orders from abroad and all five export performance indicators could signify that the exporting firms analysed may take a more proactive approach to internationalisation, systematically collecting information and searching for business opportunities in the overseas markets, rather than passively relying on fortuitous favourable circumstances. Firms belonging to high and medium-high technology industries appeared to be characterised by higher export intensity and number of export zones entered, in the same line with earlier findings (Bell, Crick, & Young, 2004; López & Garcia, 2005 and Wheeler, Ibeh, & Dimitratos, 2008). Therefore, it could be argued that Spanish firms positioned in high and medium-high technology industries export a higher percentage to total sales of their products/services to more diverse markets, most likely as a

result of their potentially unique characteristics or simply due to their more standardised features.

3.6.2 On the relationship between objective and subjective export performance measures

The results obtained from the SEM analysis revealed a strong positive significant relationship between the objective and subjective export performance modes of assessment. In other words, decision maker's satisfaction with export performance is positively influenced by the objective results, namely export intensity and export market geographical coverage measured in terms of the number and diversity of markets. Consequently, it is relevant to draw attention upon the fact that among the influencing forces that may determine managerial satisfaction with export performance it is highly important to include the objective export result itself. In this sense, the rather low explanatory power displayed by the export determinants in the regression analyses performed for the two subjective indicators of export performance seems to be partially explained by the key role played by the objective export result for managerial assessment of export success.

3.7 Conclusions, Implications, Limitations and Future Research Directions

This study aimed to contribute to the international business literature by empirically analysing the managerial, organisational and environmental determinants of export performance as well as by investigating the relationship established between its objective and subjective modes of assessment. Moreover, the research was carried out using empirical data from Spain, a geographical context where export performance related topics have not been as widely investigated.

In accordance with this study's results and concurring with the resources based view of the firm, decision maker's foreign language skills and international business knowledge, firm's export commitment and the technological intensity of the industry constitute company's most important assets for attaining export success. However, their impact may vary between the objective and subjective export performance dimensions as well as according to the indicators included in these two categories.

Furthermore, this study responded to recent calls for research (Diamantopoulos & Kakkos, 2007; Katsikeas, Leonidou, & Morgan, 2000; Sousa, Martínez, & Coelho, 2008) by analysing the relationship established between objective and subjective export performance measures. Consequently, a strong positive impact of the objective export performance result on the managerial assessment of firm's export success was identified.

Consistent with previous research studies such as Hutchinson, Quinn, and Alexander (2006), Lautanen (2000) or Lloyd-Reason and Mughan (2002), this study argues that the policy support should be primarily directed to the decision maker in the SME. The policy initiatives should aim to enhance the development of decision maker's international outlook with a view to successfully formulating and putting into practice internationalisation strategies. Therefore, the promotion of foreign languages as well as of international business education and training programmes which are already pursued, in both schools/universities and workplaces, should receive increased and continuous policy support, in order to get the future decision makers in firms more familiarised with different languages and cultures, thus augmenting their international propensity.

The results also provide some contributions to practitioners. A key implication is that decision makers should understand which are the significant determinants associated with their selected measure/indicator of export performance, thus assuring a correct evaluation of firm's export success. They should also be conscious that a central role in improving objective export performance is played by their own foreign language skills, international business knowledge and firm's commitment to exporting, hence efforts should be directed towards acquiring these abilities as well as devoting resources to the export operations, in a systematic and organised manner. Besides, the lack of significance in the relationship between firm size and all five export performance indicators points to the idea that rather small firms should not consider their size as a possible hindrance for being a successful exporter.

The limitations of the study should be considered when the results are interpreted. Firstly, although the empirical data focused on a sample of Spanish SMEs, the findings could be of interest to firms in other Southern European countries. However, the readers should exercise caution in attempting to generalise this study's findings to considerably different economic settings. Secondly, the study was centred on a cross sectional research design, thus no longitudinal analysis was performed. Thirdly, another limitation is represented by the rather limited number of observations included in the valid sample. Fourthly, other determinants of export performance could be taken into consideration (e.g. the technological, organisational and social/relational capital and the international marketing strategy of the firm).

As future research directions it would be interesting to replicate similar studies in distinct geographical contexts, so the results could be generalised to larger populations.

Longitudinal analysis should also be conducted in order to illustrate the dynamics of exporting. In this way, complex constructs such as export performance could be analysed from a temporal perspective, allowing for the investigation of composite cause-effect relationships between its objective and subjective dimensions. Furthermore, it may also be advisable to carry out similar investigations within various industries, separately, as well as to differentiate the results obtained according to the specific overseas markets served. Consequently, the formulation of pertinent comparisons would be possible, highlighting the differences identified regarding the impact of the managerial, organisational and environmental determinants on export performance or the relationship between the objective and subjective export performance assessment modes in distinct manufacturing and service sectors and/or socio-economic settings.

3.8 References

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3.9 Appendix

Table 3.1 Variable measurement

Variable	Measurement	Related measurement previously used
Manager's international experience	Number of years in international business	Czinkota & Ursic (1991)
Manager's foreign languages skills	Number of foreign languages spoken	Czinkota & Ursic (1991); Lautanen (2000)
Time spent abroad	1=lived abroad minimum 6 months; 0=otherwise	Suárez & Álamo (2005)
Manager's international business knowledge (6 items)	The manager assessed his/her own ability regarding 6 items on a 5 point Likert scale: 1=limited to 5=extensive	Gray (1997)
International marketing knowledge		Gray (1997)
International management knowledge		Gray (1997)
Global knowledge of international markets		Gray (1997)
International finance knowledge		Gray (1997)
International legislation knowledge		Gray (1997)
Knowledge of ICT for international business		Gray (1997)
Managerial perceptions regarding exporting (6 items)	The extent to which the manager agreed with 6 statements regarding export activity, according to their own assessment on a 5 point Likert scale: 1=total disagreement; 5=total agreement	Gray (1997); Katsikeas et al. (1996); Suárez & Álamo (2005)
Exporting contributes fundamentally to firm's sales growth		Gray (1997); Katsikeas et al. (1996); Suárez & Álamo (2005)
Exporting contributes fundamentally firm's profit		Theodosiou & Leonidou (2003); White et al. (1998)
Language differences represent important export barriers		Theodosiou & Leonidou (2003); White et al. (1998)
Cultural differences represent important export barriers		Theodosiou & Leonidou (2003); White et al. (1998)
Political differences represent important export barriers		Theodosiou & Leonidou (2003); White et al. (1998)
Legal differences represent important export barriers		Theodosiou & Leonidou (2003); White et al. (1998)
Firm size	Number of full time employees	Majocchi et al. (2005); McNaughton (2003); White et al. (1998)
Firm experience (2 items)		
Business experience	Number of years since start-up	Dean et al. (2000); Majocchi et al. (2005); White et al. (1998)
Export experience	Number of years involved in exporting	Czinkota & Ursic (1991); Dean et al. (2000); Lado et al. (2004)
Firm export commitment (4 items)		
Export department	1=separate export department; 0=otherwise	Katsikeas et al. (1996); Lado et al. (2004)
Strategic planning of the export activities	The extent to which the manager agreed with 3 items on a 5 point Likert scale: 1=total disagreement; 5=total agreement	Katsikeas et al. (1996); Lado et al. (2004)
Research activities on the overseas markets		Katsikeas et al. (1996)
Regular export market visits		Katsikeas et al. (1996)
Environmental determinants (3 items)	The manager assessed the importance of 3 items for firm's export performance on a 5 point Likert scale: 1=not important; 5=very important	Katsikeas et al. (1996)
Demand shortage on the domestic market		Katsikeas et al. (1996)
Reception of unsolicited foreign orders		Katsikeas et al. (1996)
Information availability regarding foreign opportunities		Katsikeas et al. (1996)
Technological intensity of the industry	1=high and medium-high technology 0=low and medium-low technology	(NACE Rev 1.1 and Rev 2)

Table 3.2 Sample profile

Firm Size (Number of Employees)	(%)	Firm Age	Firm Export Experience
Micro enterprises (1-9 employees):	9.6	Mean: 34 years	Mean: 17 years
Small enterprises (10-49 employees):	50.7		
Medium enterprises (50-249 employees):	39.7		
Industrial Sector	(%)	Technological Intensity (NACE Rev. 1.1 and 2)	
Manufacture of food, beverage and tobacco	9.6	Low-technology	
Manufacture of textiles and textile products	8.2	Low-technology	
Manufacture of wood and paper products	5.5	Low-technology	
Manufacture of basic metals and metal products	10.2	Medium-low-technology	
Other low-technology manufactures	8.2	Low-technology	
Manufacture of chemicals and other chemical products*	14.4	High + medium-high technology	
Manufacture of machinery and equipment	11.0	Medium-high technology	
Manufacture of electrical machinery and apparatus	15.8	Medium-high technology	
Manufacture of motor vehicles trailers, semi-trailers and other transport equipment	4.8	Medium-high technology	
Low-technology services (wholesale and retail trade; support and auxiliary transport activities)	9.6	Low-technology	
High-technology services (computer and related activities; R&D; other business activities)	2.7	High -technology	
Total	100.0		

* Including pharmaceuticals, medical chemicals and botanical products

Table 3.3 Factor analysis results

Analysis	Construct/Item	Factor Loads	Eigen-values	% Variance Explained	α Cronbach
Factor 1	International business knowledge		3.885	64.758	.888
	International management knowledge	.924			
	Global knowledge of international markets	.808			
	International legislation knowledge	.792			
	International marketing knowledge	.778			
	International finance knowledge	.776			
	Knowledge of ICT for international business	.738			
Factor 2	Managerial Perceptions			69.268	
Factor 2.1	Perceived export barriers		2.481	41.341	.794
	Political differences between home and host markets	.836			
	Cultural differences between home and host markets	.833			
	Legal differences between home and host markets	.754			
	Language differences between home and host markets	.719			
Factor 2.2	Perceived export stimuli		1.675	27.927	.802
	Exporting contributes fundamentally to firm's profit	.914			
	Exporting contributes fundamentally to firm's sales growth	.913			
Factor 3	Firm characteristics			65.333	
Factor 3.1	Firm export commitment		2.306	38.428	.752
	Research activities in international markets	.825			
	Regular visits to the export markets	.822			
	Strategic planning of the export activities	.811			
	Existence of a separate export department	.539			
Factor 3.2	Firm experience		1.613	26.905	.623
	Firm age	.898			
	Firm export experience	.880			
Factor 4	Satisfaction with export performance			67.654	
Factor 4.1	Satisfaction with export market position		5.514	40.856	.907
	Total market share overseas	.856			
	Market share in the main markets	.846			
	Results in main markets compared to the main competitors	.771			
	Growth of the overseas sales in total	.762			
	Growth of the overseas sales in the main markets	.729			
	Achievement of export objectives	.728			
Factor 4.2	Satisfaction with export profitability and new market entry		1.252	26.798	.790
	Financial results of the main product/service in total	.860			
	Financial results of the main product/service in the main markets	.821			
	Profitability of the overseas activities	.674			
	Expansion to new geographical markets	.578			

Table 3.4 Descriptive statistics and correlations

Indicator abbreviation	Mean	Standard deviation	1	2	3	4	5	6	7	8	9	10	11	12	13
1 MIE	12.84	8.52	1												
2 MFLS	1.99	.97	.247**	1											
3 MTSA	.41	.49	.040	.293**	1										
4 MIBK ¹	.00	1.00	.215**	.143	.237**	1									
5 MPES ¹	.00	1.00	.139	-.005	.068	.139	1								
6 MPEB ¹	.00	1.00	-.172*	-.127	-.044	-.220**	.000	1							
7 FS	57.47	57.28	.003	.117	.153	.258**	-.086	-.076	1						
8 FE ¹	.00	1.00	.189*	.081	.154	.064	-.103	-.084	.312**	1					
9 FEC ¹	.00	1.00	.166*	.213**	.250**	.363**	.316**	-.042	.101	.000	1				
10 DSDM	3.97	.91	-.026	-.031	.025	-.074	.060	.206*	-.020	-.002	.190*	1			
11 IRFO	4.18	.69	.001	.063	-.135	.182*	.296**	.042	-.045	-.166*	.188*	.096	1		
12 RUFO	3.10	1.06	.030	.034	-.076	-.041	.101	.096	.082	-.074	-.015	.117	.165*	1	
13 TII	.49	.50	.052	-.149	-.144	-.027	.016	.018	-.134	-.210*	-.031	-.122	.067	.002	1

¹These variables were constructed on the basis of factor scores; therefore the mean is 0 and the standard deviation is 1.

*p<.05; **p<.01 (two-tailed)

MIE = Manager's international experience; MFLS = Manager's foreign language skills; MTSA = Manager's time spent abroad; MIBK = Manager's international business knowledge; MPES = Managerial perceived export stimuli; MPEB = Managerial perceived export barriers; FS = Firm size; FE = Firm experience; FEC = Firm export commitment; DSDM = Demand shortage on the domestic market; IRFO = Information (availability) regarding foreign opportunities; RUFO = Reception of unsolicited foreign orders; TII = Technology intensity of the industry.

Table 3.5 Results for OLS stepwise regression analyses

Variables	Regression Model 1 Export intensity	Regression Model 2 Number of export countries	Regression Model 3 Number of export zones	Regression Model 4 Satisfaction with export market position	Regression Model 5 Satisfaction with export profitability & new market entry
Manager's international experience					.171** (2.10)
Manager's foreign languages skills	.236*** (3.08)	.238*** (3.05)	.219*** (2.96)		
Manager's time spent abroad					
Manager's international business knowledge		.266*** (3.41)	.255*** (3.29)	.320*** (4.05)	
Perceived export stimuli	.313*** (4.17)				
Perceived export barriers	-.163** (-2.15)				
Firm size					
Firm experience			.151** (2.07)		
Firm export commitment			.209*** (2.62)		.196** (2.41)
Demand shortage on the domestic market			-.164** (-2.22)		
Information availability regarding foreign opportunities					
Reception of unsolicited foreign orders					
Technological intensity of the industry	.157** (2.06)		.180** (2.44)		
F statistic	9.010***	12.219***	9.836***	16.427***	6.123***
R ²	.204	.146	.298	.102	.079
Adjusted R ²	.181	.134	.268	.096	.066

** p<.05; ***p<.01.

Statistically significant standardised coefficients are displayed with t-statistics in parentheses.

Table 3.6 Correlations for the convergent validity for objective export performance

Construct	1	2	3	4
Objective export performance	1			
Export intensity	.687**	1		
Number of export countries	.815**	.292**	1	
Number of export zones	.883**	.444**	.620**	1

**p<.01 (two-tailed)

Table 3.7 Results for structural equation modelling

Construct/Item	Standardised Regression Weights
Objective export performance → Subjective export performance	.391***
Subjective export performance	
Satisfaction with export market position	.927***
Satisfaction with export profitability and new market entry	.877***
Satisfaction with export market position	
Total market share overseas	.780***
Market share in the main markets	.793***
Growth of the overseas sales in total	.814***
Growth of the overseas sales in the main markets	.787***
Results in the main markets compared to the main competitors	.763***
Achievement of export objectives	.786***
Satisfaction with export profitability and new market entry	
Financial results of the main product/service in total	.563***
Financial results of the main product/service in the main markets	.690***
Profitability of the overseas activities	.557***
Expansion to new geographical markets	.798***
Objective export performance	
Export intensity	.503***
Number of export countries	.683***
Number of export zones	.893***

***p<.01

Figure 3.1 Conceptual model of export performance

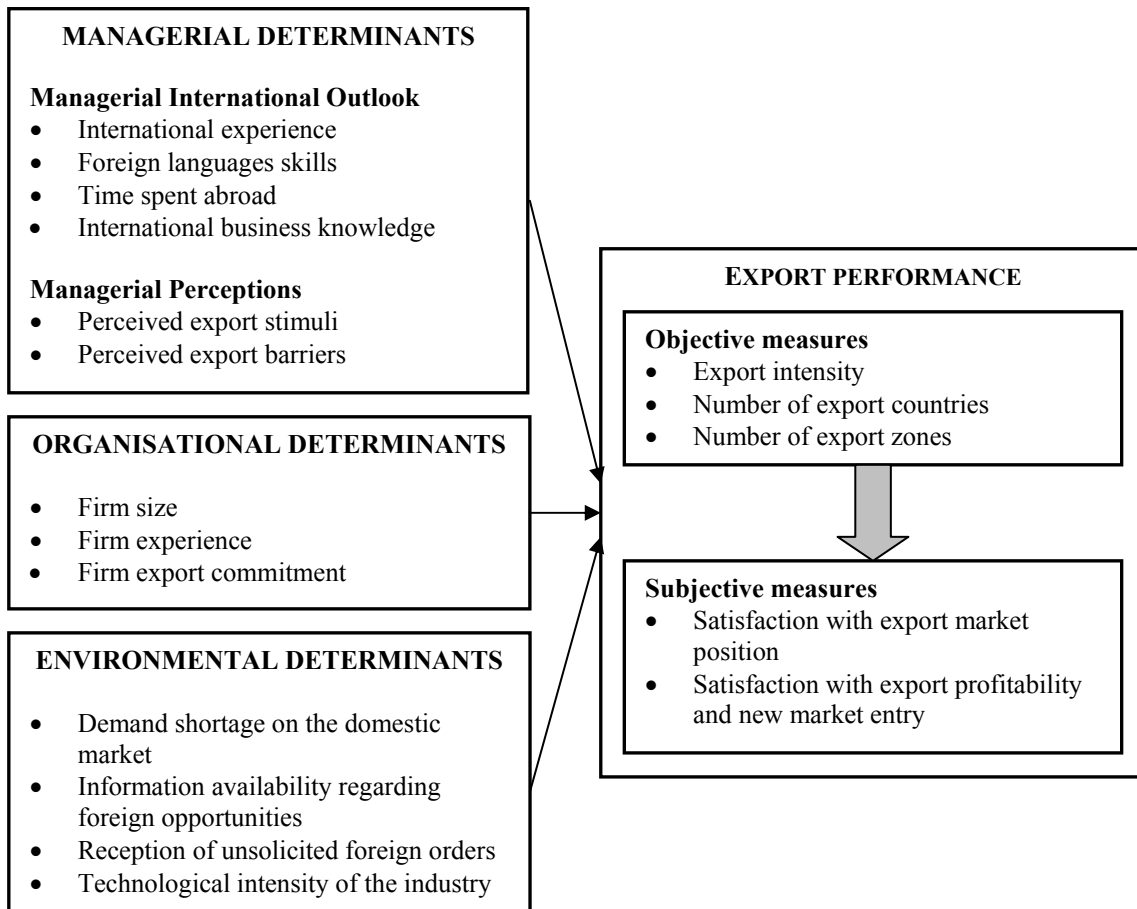
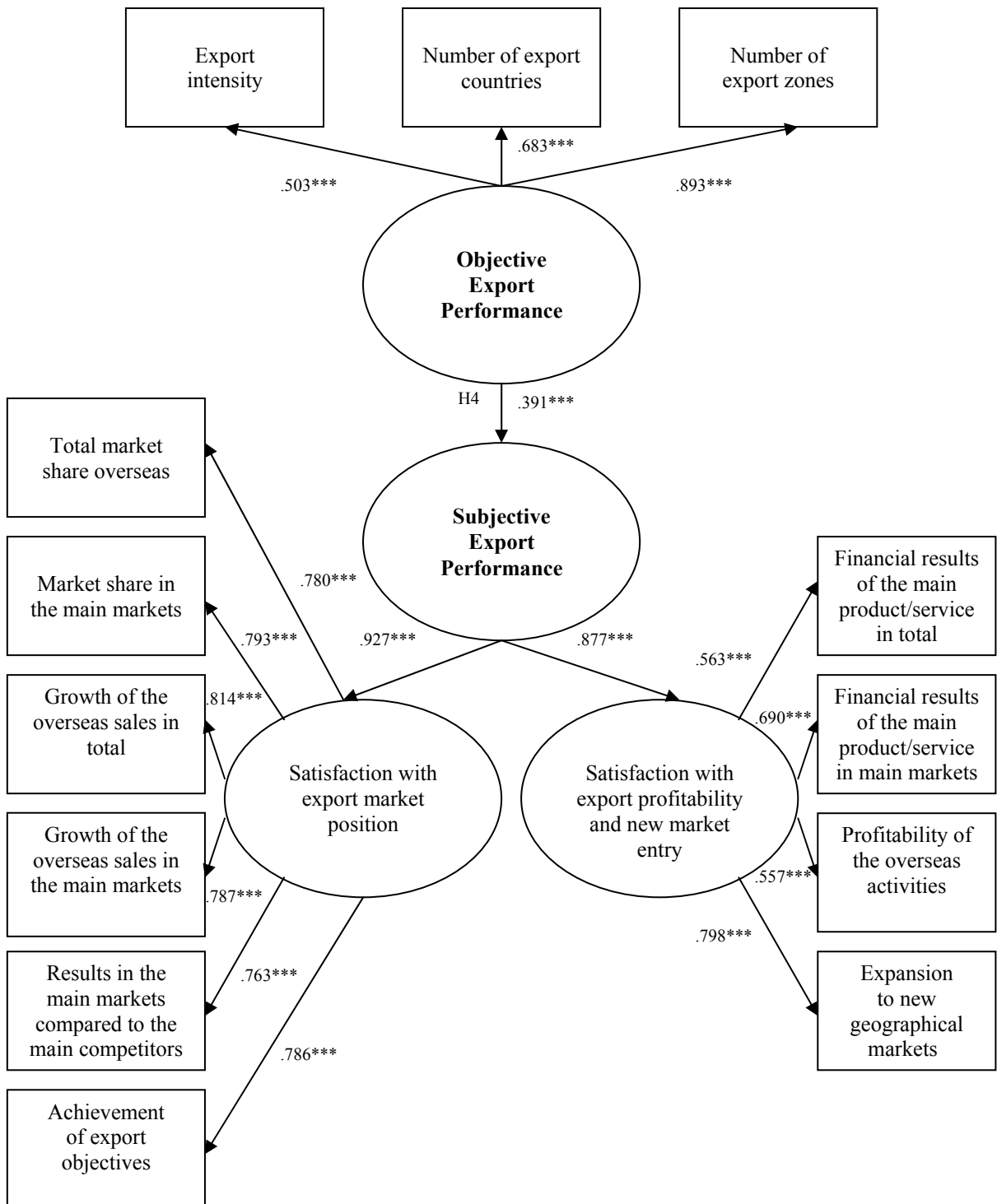


Figure 3.2 Structural equation model



Chi-square = 96.168; d.f. = 49; CFI = .954; GFI = .913; TLI = .927; IFI = .955; RMSEA = .080; *** $p < .01$

4. International Marketing Strategy and Export Performance: A Contingency Approach

Abstract

For several decades academics and practitioners have debated the standardisation versus adaptation of the international marketing strategy in relationship with export performance, without reaching a universal agreement. This paper, based on a contingency perspective of the standardisation/adaptation debate, investigates whether the degree of standardisation/adaptation of the overall international marketing strategy influences the export performance (measured objectively) and the satisfaction with export performance in Spanish SMEs, taking into account the moderating effect of three internal and external variables. The findings reveal that successful export performance can be achieved by employing either a more standardised or a more adapted overall level of the international marketing strategy, this relationship being moderated by the size of the firm, the technological intensity of the industry and the environmental factors. The authors draw several concluding remarks highlighting the contributions, implications and limitations of the study before discussing future research directions regarding this challenging strategic issue.

Key Words: International marketing strategy, standardisation-adaptation, export performance, SMEs, Spain.

4.1 Introduction

International trade has increased rapidly over the past few decades, mainly as a result of the growth in output, decreasing protectionism, important improvements in the international communication and transportation systems and greater regional economic integration (Theodosiou & Katsikea, 2007). In this context, the decision concerned with the standardisation versus adaptation of the international marketing strategy, which ultimately may determine export performance, has been, is and will be a research area of increasing interest for both academics as well as practitioners (Rosenbloom, Larsen, & Mehta, 1997; Viswanathan & Dickson, 2007; Waheeduzzaman & Dube, 2004), generally being seen as one of the most relevant marketing topics for the twenty-first century (Kahn, 1998). For several decades, the desirability and/or feasibility of standardising or adapting the international marketing strategy has been subject to numerous controversial debates, however without reaching a general agreement. Despite its relevance, the potential relationship established between the standardisation/adaptation of the international marketing strategy and the subsequent export performance, is characterised by a relative paucity and remains unresolved; therefore further research attention is needed (Katsikeas, Samiee, & Theodosiou, 2006; Lages, 2000; Shoham & Albaum, 1994; Theodosiou & Leonidou, 2003; Waheeduzzaman & Dube, 2004; Zou, Andrus, & Norvell, 1997). Also, traditional approaches in international marketing have tended to focus on the influence of the standardisation/adaptation strategy of a particular marketing mix element, commonly either product or promotion on export performance while the impact of price and distribution standardisation/adaptation has been relatively ignored (Lages, 2000; Theodosiou & Leonidou, 2003; Waheeduzzaman & Dube, 2004). Nevertheless, it has also been frequently emphasised, yet not as much researched, that internal coherence

should exist between the international marketing mix elements and policies, thus revealing the importance of investigating the overall international marketing strategy in relationship with export performance (Czinkota & Ronkainen, 2001; Kotabe, 2003; Rialp & Rialp, 2007).

This research is focused on SMEs due to their recognised importance to economic growth, innovation, job and wealth creation in most countries, as they often account for the main part of the industrial base (Acs, Morck, Shaver, & Yeung, 1997; Karadeniz & Göçer, 2007; Katsikeas, Bell, & Morgan, 1998; Nieto & Fernández, 2006; Sousa, 2004). Moreover, improving the international contributions of the small business sector is widely considered as an increasingly important policy priority in countries around the world. However, approximately two-thirds of the studies that investigated the international marketing strategy analyse the foreign subsidiaries of multinational corporations (MNCs), whereas only a third was dedicated to the standardisation/adaptation of exporting firms, in general (Theodosiou & Leonidou, 2003).

In addition, there is a certain need for research to pay attention to European firms, as most studies on international marketing have focused either on companies based in the United States of America (USA) (Calantone, Kim, Schmidt, & Cavusgil, 2006; Theodosiou & Leonidou, 2003; Waheeduzzaman & Dube, 2004) or on the Anglo-Saxon context in general, as recent studies on export performance reveal (Lado, Martínez, & Valenzuela, 2004; Sousa, 2004; Sousa, Martínez, & Coelho, 2008). Spain represents one of the European economic settings which received limited research attention in the export centred literature (Suárez & Álamo, 2005). Similar to many other EU countries,

Spain's economic growth is dependent on the results of the export activity. Merchandise and commercial service exports have gradually increased after Spain joined the European Union, in 1986, and have also been stimulated by the European Monetary Union (EMU), 2001. Currently, the Spanish economy presents a degree of international openness of approximately 65% to the GDP (Lucio, Mínguez, Valero, & Mednik, 2008) and ranked seventh for merchandise exports and fifth for commercial services among the EU countries, in 2005 (WTO, 2006). All together, these characteristics demonstrate that Spanish firms are strongly motivated to pursue and improve their international activity, thus the topic related to the international marketing strategy and its potential impact on export success becomes essentially relevant in this context.

Taking into account the above mentioned, the purpose of the study is to examine, in Spanish SMEs, whether the standardisation/adaptation of the overall international marketing strategy influences objective export performance and satisfaction with export performance, at the same time investigating how this relationship is moderated by certain internal and external factors. To this aim, the study is organised as follows: first the theoretical background is discussed. Next, a literature review on the relationship between the standardisation/adaptation of the international marketing mix elements and export performance is provided, also displaying three internal and external variables which may act as moderators; consequently the conceptual model and the research hypotheses are proposed. A method section describes the data collection process and measures utilised. Then, the results are presented and discussed. Finally, conclusions are drawn, and a review of the implications for academia and practitioners, limitations of the study and directions for future research are provided.

4.2 Theoretical Background

As previously mentioned, a fundamental issue in international marketing, debated for several decades, is concerned with the desirability and feasibility of standardisation or adaptation of the export marketing strategy with the aim of maximising export performance. A comprehensive review of the pertinent literature in the international marketing field of research identifies three perspectives related to the standardisation versus adaptation dilemma: the two extreme opposites of complete standardisation versus complete adaptation and the “middle of the road”, or contingency perspective (Agrawal, 1995; Lemak & Arunthanes, 1997; Roper, 2005; Shah & Laino, 2006; Theodosiou & Katsikeas, 2001; Vrontis, 2003; Waheeduzzaman & Dube, 2004; Zou, Andrus, & Norvell, 1997). In a general sense, these three perspectives stress the following ideas: a) the total standardisation perspective places emphasis on the tendency towards the homogenization of markets and buyer behaviour and the substantial benefits of standardisation; b) the total adaptation perspective highlights the persistent differences between nations and the competitive and regulatory necessity to customize marketing strategy to individual markets; and c) the contingency perspective allows for various degrees of standardisation which are contingent on the internal organisational characteristics and external environmental forces (Zou, Andrus, & Norvell, 1997).

Nevertheless, the present “state of art” of the international marketing literature reveals that neither total standardisation, nor total adaptation necessarily lead to superior export performance, but the attainment of an optimal fit between the international marketing strategy and the particular context in which the strategy is implemented, characterised by specific internal organisational characteristics and environmental forces. Indeed, currently, the contingency approach represents the most prevailing perspective of the

standardisation/adaptation debate (Albaum & Tse, 2001; Cavusgil, Zou, & Naidu, 1993; Cavusgil & Zou, 1994; Hultman, Robson, & Katsikeas, 2009; Jain, 1989; Lages, 2000; Lages & Montgomery, 2004; Onkvisit & Shaw, 1987; Quelch & Hoff, 1986; Roper, 2005; Solberg, 2000; 2002; Theodosiou & Katsikeas, 2001; Theodosiou & Leonidou, 2003; Vrontis, 2003; Waheeduzzaman & Dube, 2004). This approach looks for a balance between international marketing strategy standardisation and adaptation. It posits that no strategy is strictly better than the other. Standardisation or adaptation is not a dichotomous decision, is rather a matter of degree as marketing strategies are contingent upon internal and external factors (Jain, 1989; Lages & Montgomery, 2004; Quelch & Hoff, 1986; Vrontis, 2003). More precisely, a firm that adapts its practices appropriately to its own characteristics and to the environment in which it operates would outperform firms that are not concerned with achieving a co-alignment between the international marketing strategy and the internal and external determinants, thus choosing an inappropriate degree of standardisation/adaptation (Dow, 2006).

In their comprehensive review on the standardisation versus adaptation of the international marketing strategy, Theodosiou and Leonidou (2003) synthesised the main ideas suggested by the scholars supporting the contingency perspective: i) standardisation or adaptation should not be seen in isolation from each other, but as the two ends of the same continuum, where the degree of firm's marketing strategy standardisation versus adaptation can range between them; ii) the decision to standardise or adapt the marketing strategy is situation dependent, and this may be the outcome of thorough analysis and assessment of the relevant contingency factors prevailing in a specific market at a certain time; and iii) the appropriateness of the selected level of strategy standardisation/adaptation should be evaluated on the basis of

its impact on the company performance in international markets (Cavusgil & Zou, 1994; Jain, 1989; Onkvisit & Shaw, 1987; Quelch & Hoff, 1986).

4.3 Literature Review and Research Hypotheses

4.3.1 International marketing strategy standardisation/adaptation and export performance

In what follows, a concise review of the current “state of art” of the standardisation/adaptation of the international marketing mix elements is presented.

4.3.1.1 Product strategy standardisation/adaptation

As previously mentioned, the relationship between product standardisation/adaptation and export performance is a key issue within the international marketing strategy which is still rather unclear (Hultman, Robson, & Katsikeas, 2009). For instance, while a positive relationship between adapting products to the local market and export performance was observed by several scholars (Calantone, Kim, Schmidt, & Cavusgil, 2006; Cavusgil & Zou, 1994; Lee & Griffith, 2004; Shoham, 1999) and was also reported by half of the studies included in Leonidou, Katsikeas and Samiee’s (2002) comprehensive review of international marketing mix elements, other scholars have observed that a standardised product was more successful (Christensen, Da Rocha, & Gertner, 1987; Zou, Andrus, & Norvell, 1997). Moreover, various studies reported insignificant effects of product standardisation/adaptation on different export performance measures (Albaum & Tse, 2001; Johnson & Arunthanes, 1995; O’Cass & Julian, 2003; Samiee & Roth, 1992) or provide support to a contingency approach which suggest that a thorough set of factors encompassing macro-, micro-, and internal influences shape the fit between the extent to which the product is adapted to the local

context, with positive implications for performance in exporting firms (Hultman, Robson, & Katsikeas, 2009). Collectively, while product adaptation has been widely studied by researchers and generally positively correlated with export performance, other studies obtained insignificant results or even negative correlations.

4.3.1.2 Price strategy standardisation/adaptation

Price standardisation versus adaptation has received little attention in the literature (Lages, 2000) and the results obtained in relationship with export performance are mixed (Shoham, 1995). In this sense, various researchers identified a positive relationship between price adaptation and export performance (Das, 1994; Lee & Griffith, 2004; Shoham, 1996). Also, Leonidou, Katsikeas, and Samiee (2002) observed, in their literature review, a strong positive relationship between price adjustment and export performance, with the exception of export sales volume. On the other hand, other studies indicate that price adaptation is negatively related to export performance (Lages & Montgomery, 2005; Özsoymer & Simonin, 2004; Shoham, 1999; Sousa & Bradley, 2008; Zou, Andrus, & Norvell, 1997). Moreover, several scholars identified a non-significant association between price standardisation/adaptation strategy and export performance (Albaum & Tse, 2001; Lages & Jap, 2002; O’Cass & Julian, 2003; Samiee & Roth, 1992).

4.3.1.3 Promotion strategy standardisation/adaptation

Regarding the promotion standardisation versus adaptation several studies reported that exporters who adapted their international promotional strategy were associated with improved export performance (Shoham, 1996; 1999). Similarly, Leonidou, Katsikeas, and Samiee’s (2002) review supported promotion adaptation which appeared to be strongly and positively associated with overall performance, while Cavusgil and Zou (1994), who found a negative association between promotion adaptation and export

performance, conclude that promotion adaptation is driven by the competitive pressure in the export market. However, other studies did not identify any significant relationship between promotion export strategy and export performance (Albaum & Tse, 2001; Lages & Jap, 2002; O’Cass & Julian, 2003; Samiee & Roth, 1992).

4.3.1.4 Distribution strategy standardisation/adaptation

International distribution is the export marketing mix element least investigated, receiving particularly little attention in the context of standardisation versus adaptation controversy (Myers & Cavusgil, 1996; Rosenbloom, Larsen, & Mehta, 1997; Zou & Stan, 1998). Leonidou, Katsikeas and Samiee (2002) observed that the few studies which researched distribution adaptation mainly point to the adjustment of the exporting enterprise’s channel design in the export markets. Their review revealed a strong positive relationship between distribution adaptation and export performance, particularly when measured as export intensity and export profit level. Nevertheless, in opposition to findings such as Shoham’s (1996) which support the positive significant impact of distribution adaptation on export performance, other studies revealed a positive significant association between distribution standardisation and static export performance (Shoham, 1999), or did not identify any significant link between distribution export strategy and the subsequent export performance (Albaum & Tse, 2001; Lages & Jap, 2002; O’Cass & Julian, 2003; Samiee & Roth, 1992).

4.3.2 Internal and external moderating variables

As previously stated, from a theoretical point of view, this study focuses on the present approach on the standardisation/adaptation debate, the contingency perspective, fully embracing the idea of degree rather than absolute standardisation or adaptation; more concretely, it considers the international marketing strategy along a continuum varying

from pure standardisation to pure adaptation. In agreement with prior research, this study argues that: there is no particular right strategy; either can be better in a particular situation (Lages & Montgomery, 2004) and that high performance in the international arena depends, largely, on the firm choosing a global strategy that is appropriate for its unique set of circumstances (Lemak & Arunthanes, 1997). In this sense, according to the findings of prior studies on the influence of the international marketing strategy on export performance, several internal and/or external variables may moderate this relationship (e.g. Cavusgil, Zou, & Naidu 1993; Jain, 1989; Lages & Jap, 2002).

4.3.2.1 Firm size⁷

Prior research observed that firm size influences the standardisation/adaptation of the marketing mix elements (Chung, 2003; Chung, 2005; Myers & Cavusgil, 1996; Sousa & Bradley, 2008). Scholars argued that larger firms are more likely to employ a universal marketing strategy as it helps them maintain their competitive advantage over international and local competitors (Sorenson & Wiechmann, 1975) and that, mainly, the advantages of standardisation accrue to larger companies (Soares, Farhangmehr, & Shoham, 2003). Similarly, the empirical evidence provided by Chung (2003) suggests that firm size is negatively associated to adaptation of price, place, and process strategies, in other words larger firms being more likely to standardise their marketing programs across the markets in which they operate. The above mentioned arguments are closely related to the idea that larger firms could capitalise on production economies of scale easier than smaller firms and that in order to take advantage of the benefits of standardisation, firms must make important investments in production capacity which

⁷ Firm size was selected to represent the internal moderating variable for the relationship established between the standardisation/adaptation of the international marketing strategy and export performance as it has frequently been used as a proxy for organisational resources and capabilities availability in the international business literature. Also, significant correlation of over .3, at the .01 level, were observed between firm size, firm age and international experience, therefore the latter variables were not included in the multi-group SEM analysis.

smaller firms cannot afford or are no longer considered small if they are able to make such investments (Mittelstaedt, Harben, & Ward, 2003).

4.3.2.2 Technological intensity of the industry

The international marketing literature suggests that technology orientation is negatively related to the international marketing strategy adaptation. Global strategies are more suitable in technology-intensive industries such as computers, aircraft, medical equipment, or photocopier industries than in “old-line” industries such as clothing, food, or household apparel (Cavusgil, Zou, & Naidu, 1993). The products in the latter industries appeal to tastes, habits and customs, which tend to vary from market to market (Jain, 1989). Similarly, Cavusgil and Zou (1994) observed, in their empirical investigation, that technology orientation of the industry appeared to be the strongest determinant of product adaptation, arguing that managers in technological intensive industries highlighted the universal acceptability of their products.

4.3.2.3 Environmental determinants

The likelihood for a firm to follow a more standardised or a more customised international marketing strategy is also contingent upon the environmental determinants (e.g. Albaum & Tse, 2001; Cavusgil, Zou, & Naidu, 1993; Cavusgil & Zou, 1994; Calantone, Kim, Schmidt, & Cavusgil, 2006; Chung, 2005; Chung, 2007; Jain, 1989; Lages & Montgomery, 2004; Leonidou, Katsikeas, & Samiee, 2002; Quelch & Hoff, 1986; Sorenson & Wiechmann, 1975; Sousa & Bradley, 2008; Viswanathan & Dickson, 2007; Zou, Andrus, & Norvell, 1997). The basic assumption is that the greater the environmental differences between home and host export markets, the lower the degree of standardisation of the international marketing strategy, and vice versa (Jain, 1989). While in considerably different markets to the home one firms would focus on adapting their international marketing strategy to the local culture, legal and political systems, in

similar markets, they may benefit from advantages in communicating with the local customer and governments or attain lower costs for marketing research, negotiations and adapting to local regulations, thus achieving a competitive advantage as compared to the competitors (Calantone, Kim, Schmidt, & Cavusgil, 2006). However, findings on the impact of the environmental differences on the feasibility and the appropriateness of the international marketing strategy are mixed: while some scholars observed that firms adopt a significantly less aggressive product adaptation strategy for markets that are similar to the domestic one which, in turn leads to higher export performance (Calantone, Kim, Schmidt, & Cavusgil, 2006), others reported only partial support (Chung, 2005) or as suggested by Theodosiou and Leonidou' (2003) comprehensive review, numerous studies obtained insignificant results. For proposing the hypotheses related to this determinant, this study relies on arguments such as Jain's (1989) and Calantone, Kim, Schmidt, and Cavusgil (2006), as they seem to be fairly agreed upon in the international marketing literature.

4.3.3 Research hypotheses

In light of the above mentioned and while considering standardisation/adaptation as a continuum with the extremes represented by complete standardisation and complete adaptation respectively, the conceptual model⁸ presented in Figure 4.1 and the following research hypotheses are proposed:

("Insert Figure 4.1 about here")

⁸ It is noteworthy mentioning that in order to determine which of the export marketing mix dimensions and performance related elements highlighted by the literature in the field, were relevant, at present, for the export behaviour of Spanish SMEs, four case-studies with the decision makers from such companies were carried out (Stoian & Rialp, 2008). Consequently, the conceptual model presented in Figure 4.1 has been assessed and revised by previously employing a qualitative research method.

4.3.3.1 General hypotheses

H1. The objective export performance of firms that put emphasis on the overall standardisation of the international marketing strategy is not different from that of firms that stress overall adaptation.

H2. The satisfaction with export performance of firms that put emphasis on the overall standardisation of the international marketing strategy is not different from that of firms that stress overall adaptation.

4.3.3.2 Secondary hypotheses

Nevertheless, as discussed above, the relationship established between the standardisation/adaptation of the international marketing strategy on one hand and the objective and subjective export performance on the other hand, can be moderated by the size of the SME, the technological intensity of the industry and the home-host market cultural/political/legal perceived differences as follows:

H1a. The larger the SME, the more negative the relationship between the overall adaptation of the international marketing strategy and the objective export performance and vice versa.

H2a. The larger the SME, the more negative the relationship between the overall adaptation of the international marketing strategy and the satisfaction with export performance and vice versa.

H1b. For high-tech firms the overall adaptation of the international marketing strategy is negatively related to the objective export performance while for low-tech firms the overall adaptation of the international marketing strategy is positively related to the objective export performance.

H2b. For high-tech firms the overall adaptation of the international marketing strategy is negatively related to the satisfaction with export performance while for low-tech

firms the overall adaptation of the international marketing strategy is positively related to the satisfaction with export performance.

H1c. The more the management perceives the environmental differences to represent barriers for the export activity the more positive the relationship between the overall adaptation of the international marketing strategy and the objective export performance and vice versa.

H2c. The more the management perceives the environmental differences to represent barriers for the export activity the more positive the relationship between the overall adaptation of the international marketing strategy and the satisfaction with export performance and vice versa.

4.4 Methodology

4.4.1 Data collection

In order to empirically test the proposed model quantitative data was collected through an online survey addressed to the decision maker in charge of the export activity in Spanish SMEs. The structured questionnaire used for the survey, was first pre-tested by international business academics and four Spanish SME export managers. In this way its comprehensibility is assured simultaneously verifying which of the export performance related variables and marketing mix items highlighted by the international business literature were relevant in the specific context of this research. It is equally important mentioning that the interviews with the practitioners revealed a reticence of the respondents when asked to provide financial information regarding export performance in their companies. Thus, based on the constructive feedback received from the export managers interviewed, it was decided that, in order to avoid high item non-response rates, only the least problematic performance variables were to be

assessed objectively, namely export intensity and export market geographical coverage while export sales growth, export market share, export results in comparison with competitors as well as achievement of export objectives related items were to be subjectively measured by the use of a satisfaction measurement scale.

For selecting the firms to which the questionnaire was aimed, the Kompass data-base was used. A central concern of this research was to assure that the questionnaire respondent was the decision maker in charge of export operations in the firm. In this sense, a personal e-mail address represented an indispensable requirement for participating in the survey. Thus, a sample of 423 decision makers in charge of exports in their respective companies, presenting a personal e-mail address, was identified and selected to participate in the survey. The questionnaire was sent out in February 2008, and was followed by two other reminder e-mailings. After eliminating those observations that did not provide complete answers for all the questions related to this study, 155 cases (exporting SMEs of at most 499 employees) were considered valid, representing an effective response rate of 36.6 per cent. The issue of the non-response bias was addressed by using Armstrong and Overton's (1977) extrapolation procedure. More precisely, early respondents were compared to middle and late respondents using a series of t-tests. No significant differences were found between the three groups of respondents with respect to the size, age, export experience and industrial sector of the firms, indicating that non-response bias was not a problem. Moreover, very similar representativeness was observed, in terms of the previously mentioned characteristics, when comparing the 155 valid observation sample to the general population of Spanish exporting SMEs (ICEX, 2008). Also, as the data for both the independent and the dependent variables was collected from the same respondent utilising the same

questionnaire format, a potential for common methods bias exists. Thus, in order to rule out this problem the Harman's one factor test was performed on the items (Podsakoff & Organ, 1986). The results of the principal component factor analysis displayed 8 factors with an eigenvalue greater than 1. They also accounted for more than 76, 5% of the total variance. As various factors emerged from the factor analysis and because the first factor accounted for only 20.8% of the variance, common method bias does not appear to exist in the data (Menon, Bharadwaj, Adidam, & Edison, 1999).

4.4.2 Measurement

In order to capture all variables/constructs on which the hypotheses of the present study are based, the questionnaire included several multi-item measures and indicators as follows:

4.4.2.1 Product/Price/Promotion/Distribution strategy: standardisation-adaptation

The items used to measure product and promotion standardisation/adaptation were adapted from Zou, Andrus, and Norvell (1997) whereas those used to measure price and distribution standardisation/adaptation were derived from Shoham (1999). The four marketing mix components were each measured with three different items on a five-point Likert scale. The respondents had to indicate the extent to which the main product (its price/promotion/distribution) was standardised/adapted to the export markets ("totally standardised" = 1; "totally adapted" = 5) regarding three different items for each marketing mix element: i) product - a) product brand, b) product design, c) product packing; ii) price - a) price strategy, b) discount policy, c) profit objective per product; iii) promotion - a) promotion objectives, b) promotion budget, c) media channels for advertising; and iv) distribution - a) transport strategy, b) distribution budget, c) distribution channels.

No uniform definition of export performance is provided by the literature (Cavusgil & Zou, 1994; Sousa, 2004) and also, in spite of the development of several measurement scales (Lages & Lages, 2004; Zou, Taylor, & Osland, 1998) there is yet no full agreement on how to measure export performance (Katsikeas, Leonidou, & Morgan, 2000; Sousa, 2004; Wheeler, Ibeh, & Dimitratos, 2008; Zou & Stan, 1998). Nevertheless, there is general consensus that the objective and subjective measures are complementary in nature, and it is advisable to make use of both in order to provide a more comprehensive picture of export performance (Dimitratos, Lioukas, & Carter, 2004; Katsikeas, Leonidou, & Morgan, 2000; Shoham, 1998; Shoham, Evangelista, & Albaum, 2002; Sousa, 2004; Wheeler, Ibeh, & Dimitratos, 2008). Therefore, in order to assess export performance, two separate constructs were considered in this study: i) objective export performance and ii) subjective export performance.

4.4.2.2 Objective export performance

From the objective perspective, this study relies on export intensity as well as the export market geographical coverage. Export intensity is, according to Katsikeas, Leonidou and Morgan (2000), Sousa (2004) and Pla and Alegre (2007) by far the most widely used indicator in empirical research and was measured as the ratio of exports to total sales in 2007. For assessing export market geographical coverage two distinct variables were utilised: the total number of export countries in which the firm is active and the number of export zones entered by the SME. The number of export countries/markets entered by a firm shows its success in reaching the international community and represents another dominant measure of firm's export performance (Katsikeas, Leonidou, & Morgan, 2000; Samiee & Walters, 1990; White, Griffith, & Ryans, 1998). For measuring the latter variable, which shows the diversity of export coverage, seven major export zones have been considered: a) the European Union, b) the rest of Europe,

c) North America (USA and Canada), d) Latin America, e) Africa, f) Asia and g) Australia and Oceania. A similar zone division pattern was previously utilised in another study based on Spanish companies by Lado, Martínez, and Valenzuela (2004). This measure is particularly relevant for reflecting SMEs' export performance as it shows the diversity of export coverage, especially for the case of Spanish smaller companies, as traditionally they tend to focus their major export efforts on one geographical zone, namely the European Union.

4.4.2.3 Satisfaction with export performance

On the other hand, from a subjective point of view, managerial satisfaction with export performance was analysed. For selecting the items included in this construct several scales of prior studies were considered (Dhanaraj & Beamish, 2003; Lages & Montgomery, 2004; Shoham, 1998; 1999; Zou, Taylor, & Osland, 1998). The construct was measured with six different items on a five-point Likert scale ("very unsatisfied" = 1; "very satisfied" = 5). More precisely, respondents were asked to self-evaluate their satisfaction with the following items: i)-ii) growth of the overseas sales in the main markets/in total; iii)-iv) market share in the main markets/ in total; v) results in the main markets as compared with the main competitors (local and international); and vi) achievement of the export objectives.

4.4.2.4 Firm size

The variable was assessed by the total number of employees. For performing the multi-group analysis, the 155 SME sample was divided in two groups selecting as cut-off point the median value (40 employees): i) 75 firms with less than 40 employees and ii) 80 firms with at least 40 employees.

4.4.2.5 Technological intensity of the industry

For measuring this variable, the 155 manufacturing and service firms included in the valid sample were divided according to the technological intensity of the industry, as stipulated by NACE (Rev 1.1 and Rev 2), into two broad groups: i) 76 firms belonging to high and medium-high-technology sectors (manufacture of chemicals and chemical products, including pharmaceuticals, medical chemicals and botanical products; manufacture of machinery and equipment; manufacture of electrical machinery and apparatus; manufacture of motor vehicles, trailers, semi-trailers and other transport equipment; and high technology services) and ii) 79 firms belonging to low and medium-low-technology sectors (manufacture of food products, beverage and tobacco; manufactures of textiles and textile products; manufacture of wood and paper products; manufacture of basic metals and fabricated metal products; other low-technology manufactures; and low-technology services).

4.4.2.6 Environmental determinants

The respondents had to indicate the extent to which he/she disagreed/agreed (“total disagreement” = 1; “total agreement” = 5) with three statements regarding the export activity: i)-iii) cultural/political/legal differences between the home and the host markets represent important barriers for overseas activities. A factor analysis procedure was conducted in order to summarise the information related to the environmental determinants. KMO and Bartlett sphericity tests were utilised for revealing the correlation degree among the items considered. Next, principal components analysis, with varimax rotation, was conducted resulting in one factor with an eigenvalue greater than 1, cumulating an extracted variance of 68 per cent and presenting a Cronbach alpha coefficient of .76. For performing the analysis, the 155 SME sample was divided in two groups selecting as cut-off point the median value: i) 80 firms which generally do not consider the environmental differences between the home and host markets as important

barriers for the export activity and ii) 75 firms which perceive these differences as important export barriers.

4.5 Results

4.5.1 Descriptive results

Preceding the model testing, descriptive statistics were performed for the variables included in the valid sample. In this sense, first a profile of the 155 exporting SMEs was provided offering information concerning, firm size, export experience and the industry sector (Table 4.1).

(“Insert Table 4.1 about here”)

Next, descriptive statistics were also used for characterising the SMEs included in the valid sample regarding the international marketing mix and export performance variables (Table 4.2).

(“Insert Table 4.2 about here”)

4.5.2 Reliability and validity analysis

Content validity was assured through the literature review, by consulting experienced researchers as well as by carrying out four semi-structured interviews with decision makers of Spanish exporting SMEs during the pre-testing qualitative stage of this research.

The measures were purified using explanatory factor analysis and reliability analysis. Six factor analysis procedures were conducted in order to assess construct dimensionality and to condense and summarise the information related to several determinants. Following similar procedures as Cavusgil and Zou (1994) and O’Cass and Julian (2003), it was aimed to establish that items loaded onto their appropriate construct and factors were interpretable. KMO and Bartlett sphericity tests were utilised for revealing the correlation degree among the items considered. Next, principal components analyses, with varimax rotation were conducted for each of the constructs analysed and factors with eigenvalues greater than 1 were extracted. Items with high loadings on the intended factors, of above .65 were retained (Table 4.3).

(“Insert Table 4.3 about here”)

In order to provide reliability to the scales, Cronbach’s alpha and composite reliability were computed. Cronbach alpha coefficients of all the constructs in the model have scored values greater than .70 (Nunnally, 1978). Next, reliability was examined by a composite reliability test (Fornell & Larcker, 1981). All the values⁹ of the construct reliability coefficients were above .75, thus exceeding the recommended minimum level of .70 (Bagozzi & Yi, 1988; Hair, Black, Babin, Anderson, & Tatham, 2005).

Next, convergent validity and discriminant validity tests have also been conducted. Convergent validity refers to the degree to which a measure is correlated with other

⁹ $CR = (\text{Sum of standardised loadings})^2 / [(\text{Sum of standardised loadings})^2 + (\text{sum of indicator measurement error})]$; Indicator measurement error = $1 - (\text{standardised loadings})^2$ (Lu & Yang, 2007). Product strategy standardisation/adaptation CR = 0.851; Price strategy standardisation/adaptation CR = 0.874; Promotion strategy standardisation/adaptation CR = 0.885; Distribution strategy standardisation/adaptation CR = 0.887; Objective export performance = 0.771; Satisfaction with export performance = 0.877.

measures which are theoretically predicted to correlate with. For the scales related to objective export performance and perceived satisfaction with export performance the convergent validity analysis is given by the correlation matrix as they have one component only. If the correlations between the items are significant, then convergent validity is satisfied for the construct analysed. Tables 4.4 and 4.5 show that correlations were significant for both constructs, at .01 significance level.

(“Insert Table 4.4 about here”)

(“Insert Table 4.5 about here”)

For the overall standardisation/adaptation scale, as it has four components, two methods are used in order to assess convergent validity. The first method consists of examining the correlation matrix of the four components. Significant correlations between them indicate that the components converge into a common construct, thus satisfying convergent validity. As it is shown in Table 4.6, all the correlation coefficients are significant at .01 level.

(“Insert Table 4.6 about here”)

Another method for evaluating convergent validity of a construct with various components is the confirmatory factor analysis. This method compares a null model (M_0) which is based on the hypothesis that the correlation between the four components of the overall standardisation/adaptation scale is zero, against another model (M) which considers that correlation exists between the four components of the same scale

(Arbuckle & Wothke, 2003; Bagozzi & Phillips, 1982; Phillips & Bagozzi, 1986; Tse, Sin, Yau, Lee, & Chow, 2003). Convergent validity is satisfied if M presents a better fit than M_0 (See Appendix, Figure 4.2).

(“Insert Figure 4.2 about here”)

The comparison between the two models clearly shows the better fit of the alternative model (M) (CFI = .963; RMSEA = .075) as compared to the null model (M_0) (CFI = .884; RMSEA = .124). In sum, the results show that convergent validity is satisfied for the overall standardisation/adaptation construct regarding all its four components: product strategy standardisation/adaptation, price strategy standardisation/adaptation, promotion strategy standardisation/adaptation and distribution strategy standardisation/adaptation.

Discriminant validity refers to the degree to which the measures of conceptual distinct constructs differ among each other. Traditionally, it is evaluated by using the correlation matrix for the items included in the scale, which should present higher correlations with their corresponding factor (Tse, Sin, Yau, Lee, & Chow, 2003). The results for the overall standardisation/adaptation scale, presented in Table 4.7, clearly show that higher and significant correlations, at least at .05 but mostly at .01 level, were obtained by the items of each element with their corresponding factor.

(“Insert Table 4.7 about here”)

A modified version of the above mentioned procedure, recommended by Burnkrant and Page (1982) and utilised by Tse, Sin, Yau, Lee and Chow (2003), could also be used for examining discriminant validity for scales of two or more components. It consists of comparing the goodness of fit of two measurement models for the four dimensions of the Overall standardisation/adaptation scale: one that is based upon a perfect correlation among the four components (restricted model M_1) and another model which does not consider this restriction (non-restricted model M). The non-restricted model should present a better fit as compared to the other one, in order to achieve discriminant validity. The results clearly indicate the better fit of the non-restricted model (M) (CFI = .963; RMSEA = .075) as compared to the restricted model (M_1) (CFI = .949; RMSEA = .082). Summarising, the previous tests clearly illustrate that the overall standardisation/adaptation scale fully satisfies the discriminate validity criterion.

4.5.3 Hypotheses testing

The relationship between the overall standardization/adaptation degree of the international marketing mix and export performance measured objectively as well as managerial satisfaction was tested with a structural equation model using Analysis of Moment Structures (AMOS) 7.0 as displayed in Figure 4.3 and Table 4.8.

(“Insert Figure 4.3 about here”)

(“Insert Table 4.8 about here”)

Firstly, the general structural equation model was evaluated. Although chi-square ($\chi^2 = 256.3$ d.f. = 179) is significant ($p < .01$), it is most probably sensitive to sample size

(Bagozzi & Yi, 1988). Therefore, other fit indexes were computed: $\chi^2/d.f. = 1.43$, comparative index fit (CFI) = .960, Tucker-Lewis fit index (TLI) = .953, incremental fit index (IFI) = .960, root mean square error of approximation (RMSEA) = .053. The fit indexes obtained suggest a good model fit, meeting the cut-off points recommended by Browne and Cudeck (1993) as well as the stricter ones suggested by Hu and Bentler (1999). Given the adequate goodness of fit indexes the study continues by testing the hypotheses.

The study proposed two major research hypotheses. Both H1 and H2 predicted that the objective export performance and satisfaction with export performance of firms that put emphasis on the overall standardisation of the international marketing strategy is not different from that of firms that stress overall adaptation. The results show that the overall standardisation/adaptation degree of the international marketing strategy did not significantly associate with either of the two export performance dimensions employed - H1 (path coefficient = $-.010$; $p > .1$) and H2 (path coefficient = $.074$; $p > .1$) -, thus providing support for both general hypotheses.

For testing the expected influence of three internal and external variables on the relationship established between the international marketing strategy and export performance multi-group analyses were employed. The models fit the data well: i) firm size - (CFI) = .947 and (RMSEA) = .044; ii) technological intensity of the industry - (CFI) = .917 and (RMSEA) = .056; and iii) environmental determinants - (CFI) = .923 and (RMSEA) = .053¹⁰. Thereby, it is possible to proceed to test the secondary hypotheses.

¹⁰ We have also compared the initial unconstrained two-group models for each of the three determinants considered for the multi-group analyses with constrained models, where the relationships between the

Regarding firm size, the overall adaptation degree is negatively correlated with objective export performance (path coefficient = $-.290$; $p < .1$) for the group of larger sized SMEs (40 - 499 employees), thus providing partial support to H1a. No significant relationship was established between the adaptation degree of the international marketing mix strategy and the objective export performance for the group of smaller sized SMEs. Also, the overall adaptation degree negatively associated with the satisfaction with export performance (path coefficient = $-.374$; $p < .05$) for the group of larger sized SMEs (40 - 499 employees) in opposition to the results obtained for the smaller sized SMEs group (1 - 39 employees) for which satisfaction with export performance appears to be positively influenced by the adaptation degree of the international marketing strategy (path coefficient = $.343$; $p < .05$), therefore fully supporting H2a.

Concerning the technological intensity of the industry, no significant results were observed for any of the two groups with regards to objective export performance, thus H1b does not receive support. One significant positive relationship was found between the adaptation degree of the overall international marketing strategy and the satisfaction with export performance for the low-tech firms (path coefficient = $.253$, $p < .1$), conferring partial support to H2b.

The findings obtained for the environmental determinants contradict H1c, as in the investigated sample, for the group whose management perceives the environmental differences to represent barriers for the export activity, the overall adaptation degree of

overall adaptation degree and objective export performance as well as satisfaction with export performance would take the same value in both groups. In all three cases the unconstrained models, where all hypothesised relationships are allowed to be estimated freely in both groups, present a better fit than their corresponding constrained models, therefore moderation is supported (Hair et al., 2005).

the international marketing strategy negatively associates with objective export performance (path coefficient = -0.289 , $p < .1$) whereas, for the group whose management does not perceive the environmental differences to represent barriers for exporting, the overall adaptation degree positively influences the objective performance outcome (path coefficient = 0.278 , $p < .1$). No significant results were obtained for the two groups analysed for satisfaction with export performance, so H2c is not supported.

Table 4.9 provides summarised information regarding the fit indexes as well as the relationships tested for the general model and for the multi-group analyses.

(“Insert Table 4.9 about here”)

4.6 Discussion

Regarding the degree of standardisation/adaptation that characterises the international marketing mix elements, product related factors presented the least degree of adaptation with an average of 2.55 for the three items considered, while the other marketing mix components presented averages of: 3.60 (price), 3.22 (promotion) and 3.37 (distribution). Generally, it could be argued that the overall level of the standardisation/adaptation degree of the international marketing strategy of the analysed firms was moderate, 3.19, with a slight tendency towards adaptation. This is in line with earlier empirical evidence regarding the standardisation/adaptation of the international marketing mix elements, as suggested by Theodosiou and Leonidou (2003). These authors concluded in their comprehensive review on the standardisation versus adaptation of the international marketing strategy that product related elements tended to be more standardised as compared to other marketing mix elements and that, on

average, the adaptation degree of the export marketing strategy was moderate pointing to a “middle of the road” attempt to reap the benefits of both standardisation and adaptation. Possible explanations for the lower adaptation degree of the product as compared to the other three marketing mix elements may be the increased tendency towards achieving economies of scale in production and research and development as well as the use of rather uniform quality standards and production controls, especially considering the limited resource base which characterises most SMEs. On the other hand, price strategy was the most adapted strategy to the export markets, thus pointing to the flexibility of the SMEs in achieving a certain level of price discrimination across countries as a rapid, natural and expected response to differences in factors such as marketing objectives, cost and price structures, inflation rates, currency fluctuations, government taxes or transport expenses.

In accordance to the proposed hypotheses, the results show that the overall degree of standardisation/adaptation of the international marketing strategy, taken in isolation without considering the moderating effect of certain organisational and environmental variables, did not have a significant impact on the objective export performance or on the managerial satisfaction with export performance. These findings are similar to the results put forward by several previous studies (Albaum & Tse, 2001; O’Cass & Julian, 2003; Samiee & Roth, 1992), as no significant differences regarding export performance were found between firms according to the standardisation/adaptation degree of the export marketing mix strategy. Thus, objective export performance as well as managerial satisfaction with export performance can be achieved by applying international marketing strategies characterised by different standardisation/adaptation degrees. In this sense, this study’s findings provide support to the contingency

perspective on the international marketing strategy standardisation/adaptation debate in line with various prior studies (Albaum & Tse, 2001; Cavusgil, Zou, & Naidu, 1993; Cavusgil & Zou, 1994; Hultman, Robson, & Katsikeas, 2009; Jain, 1989; Lages, 2000; Lages and Montgomery, 2004; Onkvisit & Shaw, 1987; Quelch & Hoff, 1986; Roper, 2005; Solberg, 2000; 2002; Theodosiou & Katsikeas, 2001; Theodosiou & Leonidou, 2003; Vrontis, 2003; Waheeduzzaman & Dube, 2004). In other words, the SMEs may focus on matching firm's characteristics with the environmental idiosyncrasy of the export markets, in this process implementing a certain standardisation/adaptation degree to the export marketing strategy.

Indeed, according to the results obtained, the impact the overall international marketing strategy has on objective export performance and on decision maker's satisfaction with export performance appears to be contingent upon the size of the firm, the technological intensity of the industry, and the environmental determinants as revealed by the multi-group analyses. More specifically, the findings showed significant differences among smaller and larger SMEs, regarding the relationship established between the standardisation/adaptation degree of the international marketing strategy and export performance. In this sense, the results are consistent with prior studies such as Chung (2003), Mittelstaedt, Harben, and Ward's (2003), Soares, Farhangmehr, and Shoham (2003) or Sorenson and Wiechmann (1975), as for larger SMEs the overall adaptation degree of the international marketing mix has a significant negative influence on both objective export performance and satisfaction with export performance. Therefore, it could be argued that larger SMEs choose a more standardised version of the marketing mix elements in their quest for achieving superior export performance as they are able to make considerable investments in the production capacity, and consequently reap the

benefits of economies of scale. On the contrary, for smaller SMEs, the more adapted the international marketing strategy was, the more satisfied with export performance the decision makers appeared to be. A possible explanation could be that for micro and small firms it is more unlikely to make large investments in the production capacity, so, as economies of scale are very difficult to achieve, they may count on their increased flexibility and direct their efforts into adapting the international marketing strategy to the particularities of the export segments served. The decision makers in smaller SMEs may consider that it is mostly due to these adaptation efforts that their firms have registered a growth in foreign sales, reached a certain market share overseas, obtained satisfactory results in comparison with the competitors or, generally, achieved the export objectives.

Moreover, when looking at the technological intensity of the industry, the results show that for the low-tech firms the adaptation degree of the international marketing strategy positively influenced satisfaction with export performance. Therefore, this could suggest that, in line with previous studies such as Cavusgil, Zou, and Naidu (1993), Cavusgil and Zou (1994) and Jain (1989), firms belonging to low-tech sectors need to adapt more their marketing strategies to the tastes, habits and customs of the export markets served in order to achieve satisfactory levels of export performance abroad, as perceived by their decision makers.

Finally, significant differences were observed in the relationship between the overall standardisation/adaptation degree of the international marketing strategy and objective export performance, according to the perceived cultural, political and legal differences among the home-host markets. These findings, however somehow contradict the

frequently evocated argument according to which greater environmental differences between home and host export markets would imply a higher degree of adaptation of the international marketing strategy, and vice versa. Indeed, in accordance to this study's results, for firms characterised by low perceived environmental barriers, the overall adaptation of the international marketing strategy to the local markets lead to higher levels of objective export performance. It could be argued that, given the low level of differences between the home and host markets, the firms had to employ minimal efforts for customising their marketing strategy to local markets, thus attaining superior export results. On the other hand, for firms characterised by high perceived environmental barriers, a more standardised international marketing strategy conducted to superior objective export performance. The presence of high cultural, political and legal differences implies significant additional costs for the firms in order to adapt their offer to the export markets, costs that, most likely, they are not able to afford. Hence, for attaining increased export performance, they chose to emphasise a more uniform international marketing strategy.

4.7 Conclusions, Implications, Limitations and Future Research Directions

Given the increased tendency towards the globalisation of the world's markets, export involvement becomes of crucial importance for SMEs' survival and growth. In this context, the debate regarding the standardisation/adaptation of the international marketing strategy, from both a theoretical and empirical perspective, represents a key issue for achieving successful export results. In light of the findings of this empirical investigation, successful export performance could be achieved by employing either a more standardised or a more adapted overall level of the international marketing strategy. Standardisation and adaptation should not be seen, in isolation, as pure

strategies, but rather should be regarded from a contingency perspective which suggests a balance between the standardisation and the adaptation of international marketing strategy would lead to increased export performance. Thus, by directing their efforts to reaching the optimal fit between the degree of standardisation/adaptation of the international marketing strategy on one hand, and the particular organisational and contextual factors specific to the export markets entered, on the other hand, SMEs are able to achieve successful levels of export performance. Hence, this study contributes to the existent international marketing literature by isolating three internal and external contingent variables, namely firm size, technological intensity of the industry and environmental factors, that moderate the relationship established between the overall international marketing strategy and export performance, measured both in an objective and a subjective manner in the Spanish SMEs context.

The outcome of this research also provides valuable implications for practitioners. Firm managers should be aware that in order to achieve superior export performance no strategy is strictly better than the other; no universal panacea for achieving export success exists. More precisely, the selection of a more standardised or adapted international marketing mix strategy is situation contingent and, therefore managers should carefully analyse and search an optimal co-alignment with firm's resources and capabilities, the technological characteristics of their industrial sector and the environmental idiosyncrasy of the export markets targeted.

The limitations of the study should be considered when the results are interpreted. Firstly, although the empirical data focused on a sample of Spanish SMEs, the findings could be of interest to firms in other Southern European countries. However, the readers

should exercise caution in attempting to generalise this study's findings to considerably different socio-economic settings. Secondly, the investigation was based on a rather limited number of observations (155) which restricted the number of variables/constructs to be included in the measurement model.

As future research directions it would be interesting to replicate similar studies in distinct geographical contexts, thus the results could be generalised to larger populations. Longitudinal analysis should also be conducted in order to illustrate the dynamics of exporting. In this way, complex constructs such as the degree of standardisation/adaptation of the international marketing strategy or export performance could be analysed from a time-based perspective, allowing for the investigation of composite cause-effect relationships. Alternatively, investigating the influence of other contingent variables (such as customer behavior factors or competitors' strategy) on the relation between the international marketing strategy and export performance may yield fruitful findings. Furthermore, it may also be advisable to carry out similar investigations within various industries, separately, as well as to differentiate the results obtained according to the specific overseas markets served. Thus, the formulation of pertinent comparisons would be possible, highlighting the differences established between the impact of the international marketing strategy on export performance in distinct manufacturing and service sectors and/or socio-economic settings.

4.8 References

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4.9 Appendix

Table 4.1 Sample profile

Firm size (Number of employees)	(%)	Export experience
Micro enterprises (1-49 employees):	56.8	Mean: 18 years
Small enterprises (50-249 employees):	37.4	
Medium enterprises (250-499 employees):	5.8	
Industrial sector	(%)	Technological intensity (NACE Rev. 1.1 and 2)
Manufacture of food, beverage and tobacco	10.3	Low-technology
Manufacture of textiles and textile products	8.4	Low-technology
Manufacture of wood and paper products	6.5	Low-technology
Manufacture of basic metals and metal products	10.3	Medium-low-technology
Other low-technology manufactures	9.7	Low-technology
Manufacture of chemicals and other chemical products	18.1	High and medium-high-technology
Manufacture of machinery and equipment	10.3	Medium-high-technology
Manufacture of electrical machinery and apparatus	13.5	Medium-high-technology
Manufacture of motor vehicles trailers, semi-trailers and other transport equipment	4.5	Medium-high-technology
Low-technology services (wholesale and retail trade; support and auxiliary transport activities)	5.8	Low-technology
High-technology services (computer and related activities; R&D; other business activities)	2.6	High-technology
Total	100.0	

* Including pharmaceuticals, medical chemicals and botanical products

Table 4.2 Descriptive statistics for the international marketing mix and export performance variables

Variables	Min	Max	Mean	SD
Marketing Mix Variables				
Product strategy standardisation/adaptation				
Product brand	1	5	2.41	1.557
Product design	1	5	2.66	1.572
Product packing	1	5	2.59	1.498
Price strategy standardisation/adaptation				
Price strategy	1	5	3.69	1.398
Discount policy	1	5	3.57	1.400
Profit objective per product	1	5	3.54	1.374
Promotion strategy standardisation/adaptation				
Promotion objectives	1	5	3.23	1.283
Promotion budget	1	5	3.28	1.336
Advertising channels	1	5	3.16	1.317
Distribution strategy standardisation/adaptation				
Transport strategy	1	5	3.35	1.418
Distribution budget	1	5	3.25	1.361
Distribution channels	1	5	3.51	1.393
Export Performance				
Objective export performance				
Number of export zones	1	7	3.60	1.712
Number of export countries	1	67	15.81	13.864
Export intensity (%)	1	100	34.67	24.507
Satisfaction with export performance				
Growth of the overseas sales in the main markets	1	5	3.44	.926
Growth of the overseas sales in total	1	5	3.50	.928
Market share in the main markets	1	5	3.12	.973
Total market share overseas	1	5	3.06	1.002
Results in main markets compared to the main competitors	1	5	3.19	.807
Achievement of export objectives	1	5	3.47	.784

Table 4.3 Explanatory factor analysis

Construct/Item	Factor loadings	Eigen values	% of variance explained
Factor 1. Product strategy (standardisation/adaptation)		2.314	77.130
Product design	.890		
Product packing	.881		
Product brand	.863		
Factor 2. Price strategy (standardisation/adaptation)		2.385	79.509
Discount policy	.914		
Price strategy	.894		
Profit objective per product	.866		
Factor 3. Promotion strategy (standardisation/adaptation)		2.411	80.358
Promotion budget	.939		
Promotion objectives	.912		
Advertising channels	.835		
Factor 4. Distribution strategy (standardisation/adaptation)		2.419	80.621
Distribution budget	.936		
Transport strategy	.911		
Distribution channels	.845		
Factor 5. Objective export performance		1.998	66.590
Number of export zones	.892		
Number of export countries	.866		
Export intensity	.672		
Factor 6. Satisfaction with export performance		4.033	67.214
Total market share overseas	.862		
Total overseas sales growth	.840		
Market share in main markets	.836		
Growth of the overseas sales in the main markets	.825		
Results in the main markets compared to the main competitors	.786		
Achievement of export objectives	.765		

Table 4.4 Correlations for convergent validity for objective export performance

Construct	1	2	3	4
Objective export performance	1			
Number of export zones	.892***	1		
Number of export countries	.866***	.707***	1	
Export intensity	.672***	.413***	.348***	1

*** p < .01.

Table 4.5 Correlations for convergent validity for satisfaction with export performance

Construct	1	2	3	4	5	6	7
Satisfaction with export performance	1						
Growth of the overseas sales in the main markets	.825***	1					
Total overseas sales growth	.840***	.784***	1				
Market share in the main markets	.836***	.555***	.538***	1			
Total market share overseas Results in the main markets as compared to the main competitors	.862***	.602***	.604***	.852***	1		
Achievement of the export objectives	.786***	.520***	.502***	.682***	.645***	1	
	.765***	.590***	.698***	.464***	.511***	.533***	1

*** p < .01.

Table 4.6 Correlations for convergent validity between the overall standardisation/adaptation components

Overall standardisation/adaptation components	Estimate
Product strategy standardisation/adaptation ↔ Price strategy standardisation/adaptation	.413***
Product strategy standardisation/adaptation ↔ Promotion strategy standardisation/adaptation	.341***
Product strategy standardisation/adaptation ↔ Distribution strategy standardisation/adaptation	.370***
Price strategy standardisation/adaptation ↔ Promotion strategy standardisation/adaptation	.386***
Price strategy standardisation/adaptation ↔ Distribution strategy standardisation/adaptation	.417***
Promotion strategy standardisation/adaptation ↔ Distribution strategy standardisation/adaptation	.474***

*** p < .01.

Table 4.7 Correlations for discriminant validity for the overall standardisation/adaptation construct

	Product strategy standardisation/ adaptation	Price strategy standardisation/ adaptation	Promotion strategy standardisation/ adaptation	Distribution strategy standardisation/ adaptation
Product brand	.863***	.257***	.178**	.163**
Product design	.890***	.381***	.325***	.304***
Product packing	.881***	.295***	.278***	.374***
Price strategy	.262***	.894***	.268***	.341***
Discount policy	.317***	.914***	.363***	.323***
Profit objective	.373***	.866***	.348***	.417***
Promotion objectives	.306***	.366***	.912***	.479***
Promotion budget	.248***	.295***	.939***	.436***
Advertising channels	.246***	.324***	.835***	.293***
Transport strategy	.286***	.356***	.343***	.911***
Distribution budget	.310***	.380***	.410***	.936***
Distribution channels	.266***	.350***	.472***	.845***

** p < .05; *** p < .01.

Table 4.8 Results for the general structural equation modelling

Construct/Item	Estimates	Standardised estimates
Overall standardisation/adaptation→ Objective export performance	-0.023	-0.010
Overall standardisation/adaptation→ Satisfaction with export performance	0.065	0.074
Overall standardisation/adaptation		
Product strategy standardisation/adaptation	1.000***	0.566
Price strategy standardisation/adaptation	1.091***	0.622
Promotion strategy standardisation/adaptation	0.911***	0.652
Distribution strategy standardisation/adaptation	1.286***	0.691
Product strategy standardisation/adaptation		
Product brand	1.000***	0.750
Product design	1.153***	0.857
Product packing	1.052***	0.821
Price strategy standardisation/adaptation		
Price strategy	1.000***	0.830
Discount policy	1.072***	0.889
Profit objective	0.928***	0.784
Promotion strategy standardisation/adaptation		
Promotion objectives	1.248***	0.899
Promotion budget	1.344***	0.930
Advertising channels	1.000***	0.702
Distribution strategy standardisation/adaptation		
Transport strategy	1.000***	0.869
Distribution budget	1.043***	0.944
Distribution channels	0.822***	0.727
Objective export performance		
Number of export zones	1.000***	0.914
Number of export countries	6.852***	0.773
Export intensity	7.079***	0.452
Satisfaction with export performance		
Growth of the overseas sales in the main markets	1.013***	0.637
Growth of the overseas sales in total	1.000***	0.627
Market share in the main markets	1.536***	0.919
Total market share overseas	1.589***	0.924
Results in the main markets as compared to the main competitors	1.004***	0.725
Achievement of the export objectives	0.720***	0.539

***p < .01

Table 4.9 Summarised information regarding the structural equation models

Structural equation models	Analyses						
	General	Firm size (No. of employees)		Technological intensity		Environmental determinants	
		1-39	40-499	Low- tech	High- tech	Low diff.	High diff.
Overall standardisation/adaptation --> Objective export performance	-0.010	0.100	-0.290*	-0.027	0.063	0.278*	-0.289*
Overall standardisation/adaptation --> Satisfaction with export performance	0.074	0.343**	-0.374**	0.253*	-0.160	0.236	-0.098
Model fit	χ^2	256.3	465.4	529.3		514.3	
	df	179	358	358		358	
	CFI	0.960	0.947	0.917		0.923	
	RMSEA	0.053	0.044	0.056		0.053	

*p < .1; **p < .05.

Low/High diff. = Low/High home-host markets differences

Figure 4.1 Conceptual model

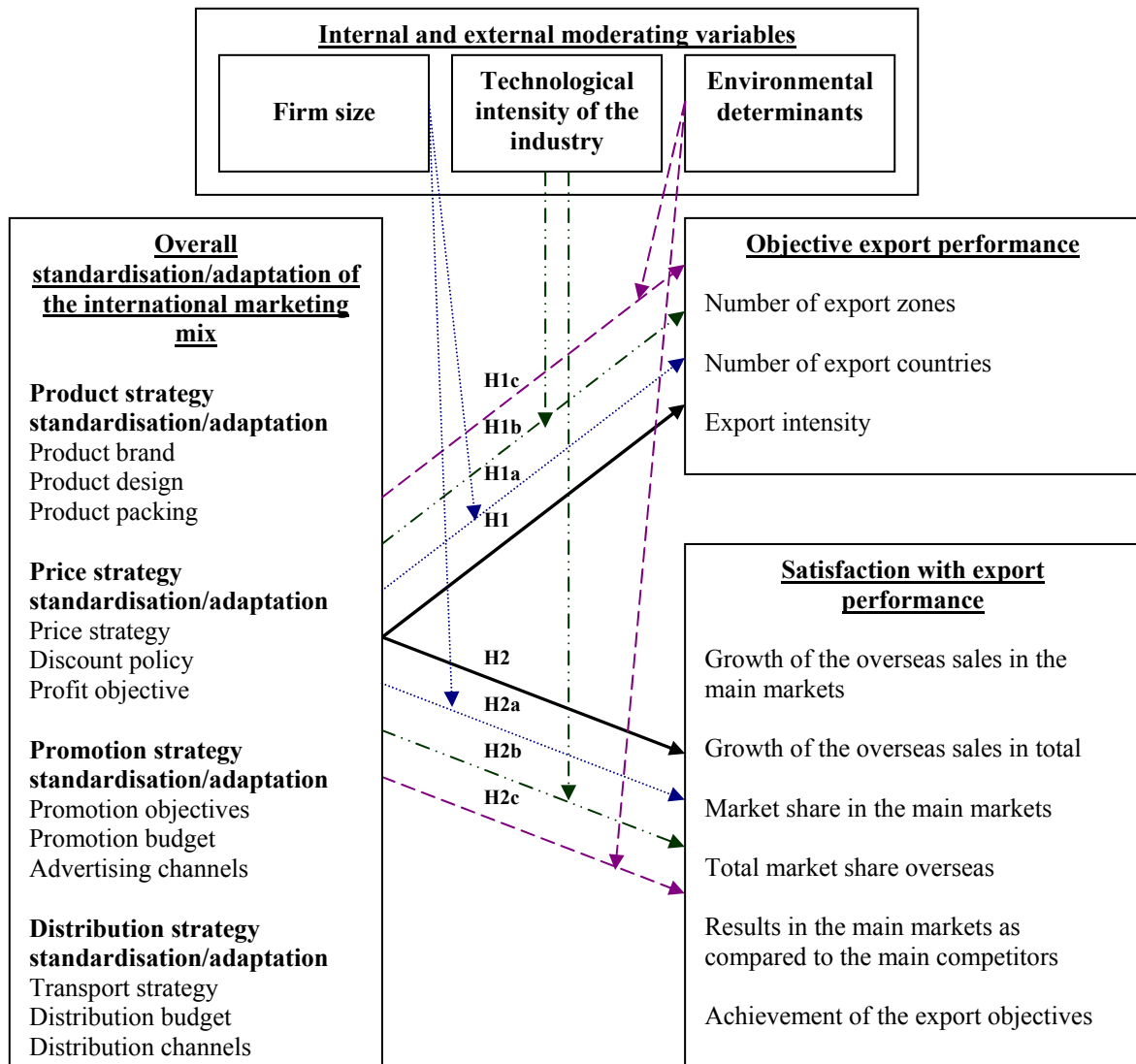
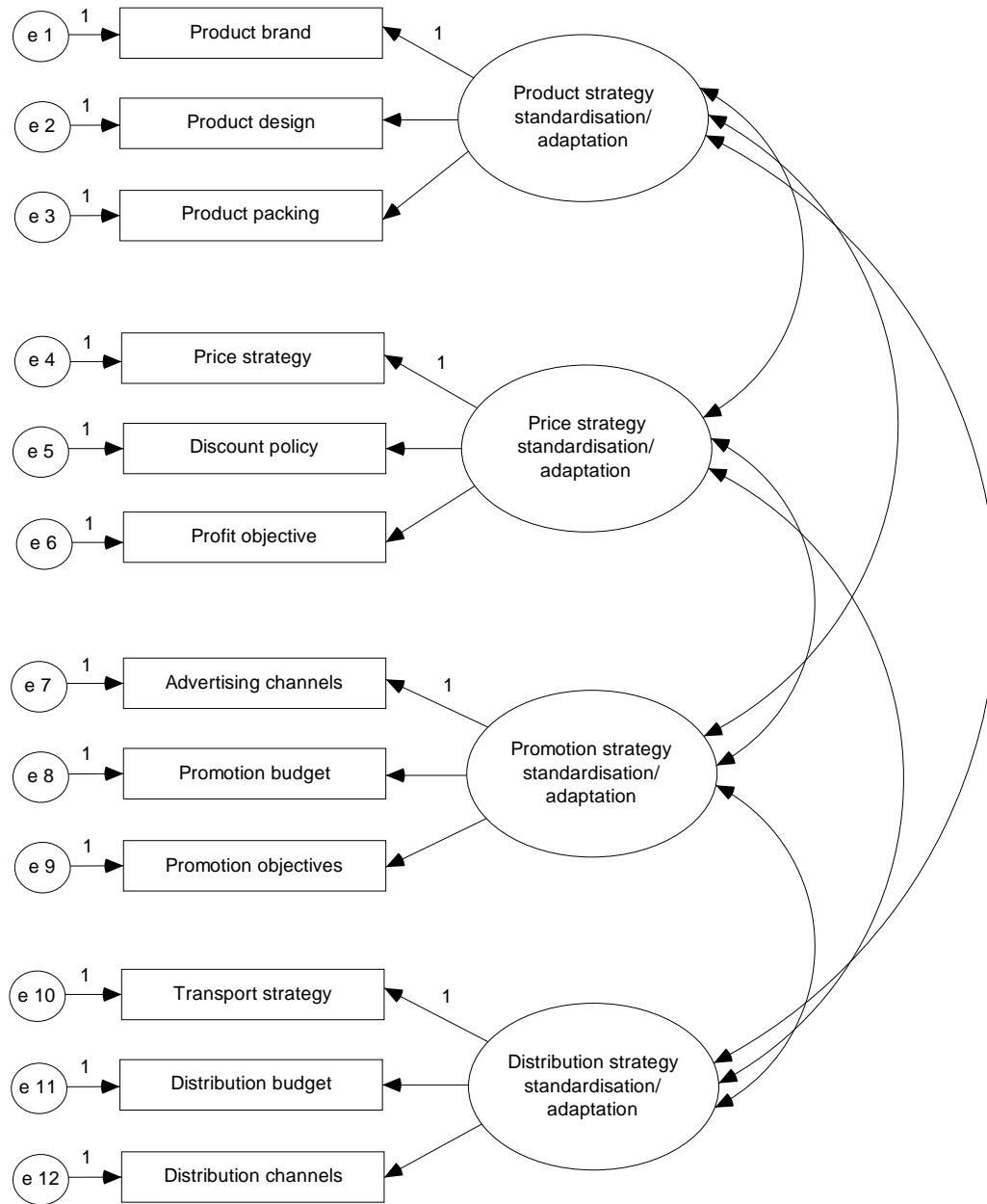
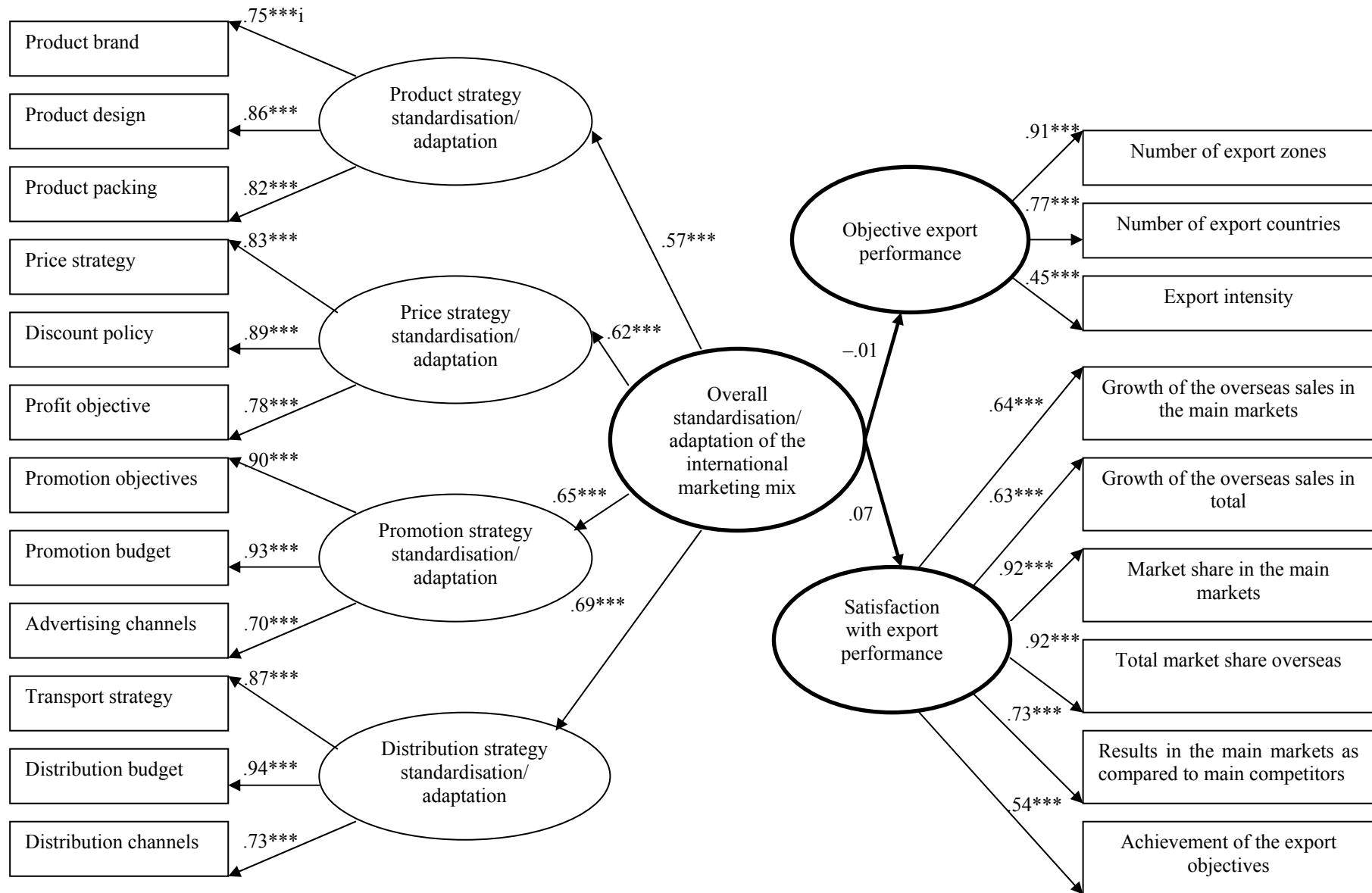


Figure 4.2 Convergent/discriminant validity of overall standardisation/adaptation construct



Chi-square = 89.3; d.f. = 48; (CFI) = .963; (RMSEA) = .075

Figure 4.3 Structural equation model



Chi-square = 256.28; d.f. = 179; (CFI) = 0.960; (TLI) = 0.953; (IFI) = 0.960; (RMSEA) = 0.053; ***p < 0.01

i = standardised loadings

5. Conclusions of the Dissertation

The present dissertation aimed to contribute to the international business and marketing literature by shedding light on the export behaviour and performance of SMEs, in the Spanish geographical context, which represents one of the European settings characterised by high SMEs density and workforce employed by these enterprises. Spain's economic growth is vastly dependent on the results of the export activity. In spite of their relevance, there is a dearth of research in the SME export centred literature, within the Spanish context (Suárez & Álamo, 2005), thus it becomes obvious that more investigations should be carried out in this particular setting.

Furthermore, understanding the impact of the managerial, organisational and environmental determinants and of the international marketing strategy on SMEs export behaviour gains additional relevance in the present context, as SMEs play a key role for overcoming the present economic crisis since their influence on the economy is particularly important (i.e. job creation and growth). Their capacity for adapting to economic changes and everyday problems with flexibility and creativity will determine future growth. In addition, SMEs contribute significantly to social and regional cohesion which are vital elements in the current context. Their survival depends on many factors, but above all on their capacity to be competitive in a global market (Gómez, 2009). Particularly, at the Spanish level, SMEs increasingly focus their activity on the international markets in order to compensate for the domestic demand shrinkage and to enhance their international competitiveness during the economic crisis. In this sense, the Interterritorial Council for Internationalisation (Consejo Interterritorial de Internacionalización - CII) agreed to promote the internationalisation of Spanish SMEs as one of the most important support measures as a response to the crisis (CEAE, 2009).

Therefore, after undergoing a comprehensive review of the relevant international and Spanish literature in this research field, three key issues of increased importance for SMEs' export activity and performance were identified and further analysed in this study:

- The role played by managerial characteristics and perceptions in influencing export involvement and expansion.
- The influence the internal and external determinants had on export performance measured both objectively and subjectively, as managerial satisfaction with export performance. In addition, this dissertation investigated the potential influence of certain dimensions of export performance on other export performance dimensions, a relation that has received very little attention to date.
- The impact the standardisation/adaptation of the overall international marketing strategy had on objective export performance and satisfaction with export performance, simultaneously investigating how this relationship was moderated by certain internal and external factors.

A case-based qualitative method was employed for the completion of the first topic proposed. By applying a qualitative technique profound understanding of the internationalisation process in Spanish SMEs was gained. In addition, given the constructive feedback received from the four SME's decision-makers interviewed it was possible to modify and refine a questionnaire which was later on sent online to a sample of Spanish exporting SMEs. Chapter 2 and Chapter 3 are based on a quantitative methodology, using for carrying out the empirical analysis the data set provided by the above mentioned survey. By employing the quantitative methodology the study sought to test various key issues related to performance in export based internationalisation in

the Spanish SME context. An increased generalisability of this study's results is also attained by the use of the qualitative research technique.

In what follows a brief discussion and conclusion are drawn out of the main findings of the three chapters, thus intending to reflect the export behaviour of Spanish SMEs, in general.

5.1 Summary of Main Results and Discussion

Concurring with the resource based view (RBV) of the firm, decision maker's role for SME's export activity appears to be crucial. Nevertheless, the influence of certain managerial characteristics and perceptions seems to be more prominent during the initial internationalisation stages or to have a stronger impact on some export performance indicators. According to the in depths interviews carried out with decision-makers in four Spanish actively exporting SMEs, the managerial demographic characteristics (age and education level), the industry and management know-how, the risk tolerance and innovativeness as well as the use of international networks and export promotion programs were far more evident during the initial export involvement stage. Managerial characteristics such as educational level, high risk tolerance and innovativeness were identified for all four decision makers analysed, and they seem to have an increased importance for the initiation of export activities. Conversely, decision maker's age, industry and management know-how, international network and the use of export programs seemed to have been relevant for the initiation of export activities, however only in the case of some decision makers. On the other hand, decision maker's international outlook (foreign language skills, international experience, time spent abroad or international business knowledge), his/her perceptions regarding export

stimuli (growth and profit in foreign markets) and export barriers (differences between home-host markets, demand shortage on the domestic market, information regarding foreign opportunities, reception of unsolicited foreign orders) together with the organisational resources and capabilities, the international marketing strategy and the industry characteristics have a dominant impact on both export involvement and expansion.

According to the findings of this study, and once more concurring with the RBV of the firm, decision maker's foreign language skills and international business knowledge, firm's export commitment and the technology intensity of the industry constitute company's most important assets for obtaining export success, as they represent the export determinants that influence at least two of the export performance indicators utilised. Nevertheless, the impact of the thirteen internal and external export performance determinants analysed varies according to the objective and subjective export performance dimensions as well as according to the indicators included in these two categories. More concretely, export intensity measured as the ratio of export to total sales is positively influenced by manager's foreign language skills and his/hers perception of export stimuli as well as the technological intensity of the industry, while the perception of export barriers has a negative impact on the same performance indicator. Export market geographical coverage measured as the number of export countries is positively determined by manager's foreign language skills and international business knowledge. The same two managerial characteristics have a positive impact on the number of export zones. However, other three export determinants have a positive influence on this export performance indicator, namely firm experience, firm export commitment and the technological intensity of the industry

whereas the demand shortage on the domestic market has a negative effect. On the other hand, the manager's international business knowledge has a positive influence on managerial satisfaction with export market position, while managerial international experience together with firm's export commitment positively determine satisfaction with export profitability and new market entry. As previously mentioned, it is easily noticeable that, although the objective and subjective modes of assessment as well as the indicators comprised within these two broad performance measure groups are influenced by rather different export determinants, the managerial international skills and knowledge are by far the most relevant export performance determinant. Therefore, this study's results concur with previous scholars that highlighted the pivotal role played by the decision maker for the export success of the SME/firm (Aaby & Slater, 1989; Axinn, 1988; Boter & Holmquist, 1996; Chetty & Hamilton, 1993; Crick & Chaudhry, 1997; Fernández & Nieto, 2005; Hutchinson, Quinn, & Alexander, 2006; Katsikea, Thodosiou, & Morgan, 2007; Knowles, Mughan, & Lloyd-Reason, 2006; Lages, Lages, & Lages 2005; Lautanen, 2000; Leonidou, Katsikeas, & Piercy, 1998; Leonidou, Katsikeas, Palihawadana, & Spyropoulou 2007; Lloyd-Reason & Mughan 2002; Manolova, Brush, Edelman, & Greene, 2002; Peng, 2001; Sapienza, Autio, George, & Zahra, 2006; Suárez & Álamo, 2005).

Another important finding revealed by the present study is that the export determinants considered seem to have a stronger influence predominantly on the objective export performance measures, and considerably less on the subjective export performance measures. This could be explained by another interesting result obtained in this research which shows that export performance measured subjectively, is contingent upon export performance measured objectively. In other words, it was observed by performing

structural equation modelling that there is a positive relationship between the objective export performance (export intensity and the number of export countries and zones) and subjective export performance (managerial satisfaction with export position, export profitability and new market entry), relationship that to the best of our knowledge has not been explored before. In this sense, by analysing the association established between different export performance modes of assessment this study responded to recent calls for research such as Diamantopoulos and Kakkos (2007), Katsikeas, Leonidou and Morgan (2000) or Sousa, Martínez and Coelho (2008).

Concerning the influence the international marketing strategy has on export performance the findings of this empirical investigation reveal that successful export performance could be achieved by employing either a more standardised or a more adapted overall level of the international marketing strategy. In this sense, this study's findings support the "middle of the road"/contingency approach on the international marketing strategy standardisation/adaptation debate, in line with various previous studies (Albaum & Tse, 2001; Cavusgil, Zou, & Naidu, 1993; Cavusgil & Zou, 1994; Jain 1989; Lages, 2000; Lages & Montgomery, 2004; Onkvisit & Shaw, 1987; Quelch & Hoff, 1986; Roper, 2005; Solberg, 2000; 2002; Theodosiou & Katsikeas, 2001; Theodosiou & Leonidou, 2003; Vrontis, 2003; Waheeduzzaman & Dube, 2004) Standardisation and adaptation should not be considered, in isolation, as pure strategies; they should be understood from a contingency perspective which suggests a balance between the standardisation and the adaptation of international marketing strategy would lead to increased export performance. Therefore, SMEs are able to attain successful levels of export performance by concentrating their efforts to reach the optimal fit between the degree of standardisation/adaptation of the international

marketing strategy on one hand, and the particular organisational and contextual factors specific to the export markets entered, on the other hand. This study identified three internal and external contingent variables, namely the size of the firm, the technological intensity of the industry and the environmental factors, that moderate the relation established between the overall international marketing strategy and export performance, measured both in an objective and a subjective manner in Spanish SMEs.

In summary, this study contributes to the existent international business and international marketing literature by displaying a broad picture of export-based internationalisation in Spanish SMEs, an economic setting that has received limited research attention in this investigation field. More concretely, by applying both qualitative and quantitative research techniques further understanding of the internationalisation process in Spanish SMEs, particularly regarding a few key issues such as the role played by certain internal and external export determinants in influencing export involvement, expansion and performance, was gained. Also, given the dearth of research on the possible association between different export performance measures, this study brought light on this topic, by identifying a positive influence of the objective export performance measures on the subjective ones, hence responding to numerous calls for research. Regarding the international marketing literature, important contributions are made by isolating three internal and external contingent variables, namely firm size, technological intensity of the industry and environmental factors, that moderate the relationship established between the overall international marketing strategy and export performance, measured both in an objective and a subjective manner in the Spanish SMEs context.

5.2 Implications for Practitioners

As the empirical results illustrate, the export behaviour of the firm, namely its international involvement and expansion, is not so strongly influenced by the objective situation itself but by the managerial characteristic and perceptions such as: educational level, foreign language and international skills, risk tolerance and innovativeness as well as his/her perception about export stimuli and barriers. In this sense, the findings made available by this study could help practitioners to understand the relevance that controlled variables have in explaining a firm's export involvement and performance. Decision makers should be aware that, presently, due to rapid technological development along with greater regional economic integration and the removal of an increasing number of trade barriers, entering overseas markets is not bearing as much risk as it used to in the past, while representing a viable alternative for firm's growth and pursuit of higher profits. Also, domestic markets are no longer the preserve of indigenous enterprises as the latter are facing overseas competitors. Thus, from the standpoint of managers, selling to foreign markets could be very rewarding and may sometimes represent the only way for SMEs to survive and/or grow.

The models presented in this dissertation help managers to systematise the complex export phenomenon, aiming to improve their export-international marketing expertise, simultaneously advising caution should be exercised in order not to over-simplify their view regarding the organisational and contextual factors that may act as influencing determinants of firm's international activity. Decision makers should realise which are the significant determinants associated with their selected measure/indicator of export performance, thus assuring a correct evaluation of firm's export success. In the same line with the above mentioned, they should also be conscious that a fundamental role in

improving objective export performance is played by their own foreign language skills, international business knowledge and firm's commitment to exporting, hence efforts should be directed towards acquiring these abilities as well as devoting resources to the export operations, in a systematic and organised manner. In addition, firm managers should be aware that in order to achieve superior export performance no strategy is better than the other; no universal panacea for achieving export success exists. More precisely, the adoption of a more standardised or adapted international marketing mix strategy is situation contingent and, therefore managers should carefully analyse and search an optimal co-alignment with firm's resources and capabilities, the technological characteristics of their industrial sector and the environmental idiosyncrasy of the export markets targeted. To this purpose, practitioners could employ a step-based decision making process for selecting the optimal standardisation/adaptation degree of the international marketing strategy for their company: first, they should make an inventory of the financial and non-financial resources the firm possesses and decide which of these resources could be allocated to the international marketing strategy; second, the technological characteristics of the industry should be considered and analysed in relationship with the standardisation/adaptation requirements specific to the sector; third, managers should get familiarised and gain deep understanding of the environmental idiosyncrasy of the export markets targeted. For successfully completing this step, practitioners may choose to enrich their knowledge regarding the idiosyncrasy of the foreign markets by using various sources of information. In this sense, they may rely on information made available by trade statistics and media (newspapers, TV and radio documentaries, the internet) or they may take a more proactive approach and carry out (either by themselves or by hiring a specialized company) research studies on specific foreign markets. Finally, the fourth step would require the manager to review

the results obtained from the analyses undertaken during the previous three steps, and then carefully decide which degree of standardisation/adaptation of the international marketing strategy would be optimal in their firm's particular situation.

5.3 Implications for Policy Makers

The dissertation reveals relevant policy implications. Concurring with previous studies such as Hutchinson, Quinn, and Alexander (2006), Lautanen (2000) or Lloyd-Reason and Mughan (2002), this study suggests that the policy support should be primarily directed to the decision maker in the SME. The policy initiatives should aim to enhance the development of decision maker's international outlook with a view to successfully formulating and putting into practice internationalisation strategies. Thereby, the promotion of foreign languages as well as of international business education and training programmes which are already pursued, in both schools/universities and workplaces, should receive increased and continuous policy support, in order to get the future decision makers in firms more familiarised with different languages and cultures, thus augmenting their international propensity. Furthermore, the governmental institutions should aim at enhancing decision maker's awareness that successful export activity is not attained necessarily through a more standardised or more adapted international marketing strategy, but is given by the achievement of an optimal co-alignment between firm's characteristics, the characteristics of the industrial sector and the environmental conjuncture.

5.4 Limitations of the Dissertation

The limitations of the study should be considered when the results are interpreted. Firstly, initial generalisability limitations of the qualitative study were overcome by carrying out the quantitative study based on a survey among Spanish exporting SMEs. Secondly, although the empirical data focused on a sample of Spanish SMEs, the findings could be of interest to firms in other Southern European countries. However, the readers should exercise caution in attempting to generalise this study's findings to considerably different economic settings. Thirdly, the study was centred on a cross sectional research design, thus no longitudinal analysis was performed. Fourthly, another limitation is represented by the rather limited number of observations included in the quantitative samples, 146 and 155 observation-cases respectively. Finally, other determinants of export performance could be taken into consideration (e.g. the technological, organisational and social/relational capital and the international marketing strategy of the firm).

5.5 Future Research Directions

As future research directions it would be interesting to replicate similar studies in distinct geographical contexts, thus the results could be generalised to larger populations. It may be attractive to analyse issues related to the international marketing strategy and export performance in firms located in other European and international context, perhaps placing emphasis on the so called emerging economies which suffer from a relative scarcity of investigation in this research field. Longitudinal analysis should also be conducted in order to illustrate the dynamics of exporting. In this way, complex constructs such as the degree of international orientation of the decision maker,

the standardisation/adaptation of the international marketing strategy or the export performance could be analysed from a time-based perspective, allowing for the investigation of composite cause-effect relationships. Testing the relationship established between different export performance measures on a time based perspective represents another particularly interesting future research direction. In addition, it may also be advisable to carry out similar investigations within various industries, separately, as well as to differentiate the results obtained according to the specific overseas markets served. Thus, the formulation of pertinent comparisons would be possible, highlighting the differences established between the impact of the international marketing strategy on export performance in distinct manufacturing and service sectors and/or socio-economic settings. Furthermore, the impact of alternative export determinants such as the internet or the ICT (information and communication technology), on the international marketing strategy and in turn on distinct export performance measures should also be investigated. Finally, it would also be fruitful to explore in future studies, whether besides exporting, which still remains the most common entry mode for SMEs, other alternative foreign entry modes (i.e. foreign direct investment, licensing, franchising) are pursued by these firms.

5.6 References

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