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The effect of export dependence and organizational structure on export market orientation with the moderating role of export experience and environmental turbulence

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ABSTRACT

Exporting is known as the most common way for companies, especially SMEs, to enter foreign markets. One of the most important reasons for this is that exporting requires fewer resources compared to other methods of internationalization. The expansion of trade, globalization of products and services, and internationalization of companies have always increased the importance of international trade relations. International trade relations include various dimensions that affect the effectiveness of companies in the international market, especially the export market. The purpose of this research is to determine the indicators of export dependence and organizational structure on the tendency to export markets, considering the moderating role of export experience and environmental turbulence. This research is based on an applied purpose and is descriptive-survey based on the nature of data collection. The statistical population of this research consists of managers and experts of SMEs in the field of food industries, and the statistical sample used consists of 127 people. The data required for the research will be distributed through a questionnaire and analyzed using structural equation modeling and Smart-PLS software. The fundamental importance of export performance forms the main body of this research. Market orientation provides an integrated perspective for evaluating export performance by assessing the ability of organizations to anticipate, respond to, and capitalize on changes in the environment.

Keywords: export market orientation, organizational structure, export dependence, environmental turbulence

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1. INTRODUCTION

Exporting is known as the most common way for companies, especially SMEs, to enter foreign markets. One of the most important reasons for this is that exporting requires fewer resources compared to other methods of internationalization. Therefore, export sales have been increasingly considered as a suitable way for a company to grow. Exporting is a vital tool for countries to achieve their goals of economic prosperity and growth. Since exports help improve the balance of payments, employment rates and living standards; therefore, a number of governments encourage more exports in order to develop exports. The easiest way to enter a foreign market is through exporting. Occasional exporting occurs when a company passively sells its products to buyers in a foreign country from time to time due to having a surplus of products for domestic consumption. Active exporting occurs when a company decides to export its products to the desired country. In both cases, the company may produce products in its own country,

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which it either modifies for the target market or exports in the same form as consumed domestically. In exporting, changes in production lines and the type and amount of investment or goals of the company are limited.

The expansion of trade, the globalization of products and services, and the internationalization of companies have always increased the importance of international business relations. International business relations include various dimensions that affect the effectiveness of companies in the international market, especially the export market. Given the complex and constantly changing market conditions, rapid acquisition of business information is often the key to success in international markets, and market orientation, as an integrated perspective, is a factor that improves the performance of companies by determining the ability of organizations to anticipate, respond to, and capitalize on environmental changes.

Just as the success of business enterprises within national borders depends on correct and effective marketing, when the scope of a firm's activity expands beyond its borders, achieving success is also a matter of correctly understanding the characteristics of the foreign market and adopting appropriate strategies for managing it. The major challenges in export marketing include selecting the right markets or countries through marketing research and deciding how to formulate a marketing mix strategy. This decision is influenced more than anything by the philosophical foundation accepted by the firm regarding how to operate in the foreign market. Exporters are usually influenced by one of several specific philosophical attitudes in this field and base their marketing mix development process directly on the main strategy derived from this attitude. The reflection of this strategy is revealed in the level of adaptability of the marketing mix provided by the organization to the characteristics of the target market. Therefore, the information obtained from the results of this research improves the organization's management decisions towards export performance. Comparison of previous studies indicates that market orientation increases cooperation between exporters and on the other hand reduces communication distance, which leads to improved export performance. It was also found that export market orientation has a positive effect on export performance and competitive advantage. It also follows from the research that organizations that use marketing information systems have higher export performance. The purpose of this study is to determine the indicators of export dependence and organizational structure on export market orientation, taking into account the moderating role of export experience and environmental turbulence. The conceptual model of the research is given in Figure (1). Accordingly, the objectives of this study are as follows:

- 1- The effect of export dependence on orientation to the export market.
- 2- The effect of organizational structure on orientation to the export market.
- 3- Determining the moderating role of export experience on the effect of export dependence on orientation to the export market.
- 4- Determining the moderating role of export experience on the effect of organizational structure on orientation to the export market.
- 5- Determining the moderating role of environmental turbulence on the effect of organizational structure on orientation to the export market.
- 6- Determining the moderating role of environmental turbulence on the effect of export dependence on export market orientation.

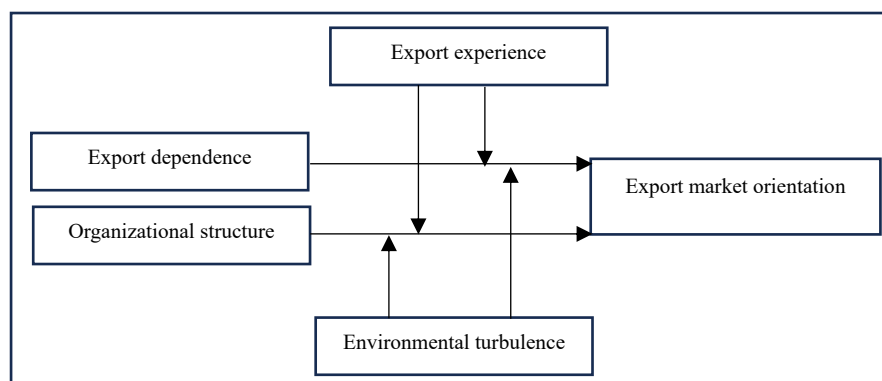


Figure (1): Conceptual model

The term export at first glance evokes its old meaning of access to foreign markets. In the theory of factors and consequences of export activities, three concepts are given more attention than others. The first concept is the resource-based view, which relies on the specific assets of the firm, such as firm experience, size and competencies, which constrain strategic choices (Morgan., 2004). The second is the performance behavior structure model, which essentially includes two sets of significant antecedents affecting export performance: a) the structural characteristics

of the markets of exporting firms (Zou and Cavusgil, 2002) and b) the ability of the firm to achieve and maintain positional advantages in foreign markets through the efficient and effective implementation of competitive strategy planning (Morgan and Strong, 2003). The third concept is the relational paradigm of examining the network of business interactions and views export expansion as the sequential development of relationships with foreign buyers (Leonidou, 2003). However, these three perspectives consider that success in export activities is related to potential factors, including those related to the external environment of the organization. However, due to the large research gaps, in order to advance research on export activities, it is necessary to expand the scope of such research to cover these gaps (Cadogan et al., 2012). Several dimensions of export marketing strategy of interest to researchers in the export performance literature include standardization/adaptation strategy, cost differentiation and leadership strategies, cooperative strategies, communication channel strategy, economic employer positioning, and the strategic positions of passive and active exporters. Market-oriented firms, that is, firms whose behavior is consistent with the concept of marketing and export market-oriented behavior (or EMO behavior), are defined as market-oriented activities that focus on export markets and export customers (Cadogan et al., 2012). Over the years, marketing research has shown that market orientation can affect firm performance. However, a review of the literature shows that relatively little empirical work on market orientation research has been extended to the international business environment. In particular, the literature has not fully explored the role of various factors as antecedents or mediators of firm market-oriented behavior in international settings (Chi and Sun, 2012).

2. RESEARCH METHODOLOGY

This research is basically experimental and based on the purpose of the applied type and in terms of the method of data collection, it is a descriptive survey type. To collect information in this research, library and internet methods were used, as well as in terms of fieldwork. The statistical population of this research consists of 380 companies active in the food and beverage industry, of which 181 companies were determined as a sample based on the Morgan table, and the list of these companies was prepared and extracted through the website of industrial companies. The sampling of this research was non-probability, and accordingly, the questionnaire was distributed and collected among the managers of export companies and analyzed using Smart-PLS structural equations. The measurement indicators of the research variables are given in Table (1). The questionnaire for this study was taken from the article by Chi and Sun (2013).

Table (1) Indicators of research variables

Variables	Indicators
Export dependence	Allocation of a percentage of sales revenue to export activities Relationship between export success and company success Appropriate company profit from export activities
Organizational structure	
Formality	Shareholders are the same as the company's export managers Decision on export activities after consultation within the company Information of export regulations to units prior to export
Centralization	Referring export decisions to superiors Obtaining permission for export activities from superiors Requirement of approval from superiors to carry out export activities
Export experience	Ability to identify information sources in the export market Having a special database on export opportunities Ability to determine the quality of information in the export market Awareness of foreign market regulations
Environmental turbulence	Customers' willingness to export new products Receive daily news of new competitive trends in export markets Aggressive selling as a norm in foreign markets Speed of technological change in the industry Existence of new ideas in technological advancements in the industry Existence of legal restrictions in the field of exports Variable pricing regulations in the field of exports
Information/Awareness generation	Role in generating information on regulatory, technological, and economic trends in export markets Regularly reviewing the potential impacts of changes in the export environment Efforts to understand the needs and preferences of foreign customers Continuous review of the level of commitment and customer focus
Export market orientation	
Information dissemination	Removal of information about previous export competitors Impact of information for export department employees Loss of important export customer information in the system Delay in transferring information about export competitors' activities to employees Loss of information about export market trends along the communication chain
Information response	Responding to major competitors regarding foreign customers in exports Speed in responding to price changes of export competitors Speed in responding to important changes in the business area Speed in responding to threats from competitors

3. CONCLUSIONS

The purpose of this study is to determine the indicators of export dependence and organizational structure on export market orientation by considering the moderating role of export experience and environmental turbulence. In a knowledge-based economy, the intangible assets of organizations have increasingly become a competitive factor. Such assets are seen as the essence of competitive advantage. However, companies operating in international markets and unfamiliar export environments face greater environmental uncertainty. Under turbulent conditions, there is a greater likelihood that the company's products will not be in line with the needs of customers and competitors' products, and as a result, the effectiveness of the company's actions will decrease. Therefore, in a more turbulent export environment, exporters will need a large amount of information as a tool that increases their understanding of the changing export conditions. Market orientation causes companies to focus on continuously collecting information related to the needs of target customers and the capabilities of competitors and using this information to create superior value for customers. In fact, firms that exhibit more market-oriented behaviors in their export activities have more successful export performance than firms that exhibit less market-oriented behaviors. The fundamental importance of export performance forms the main body of this research. Market orientation provides an integrated perspective for evaluating export performance by assessing the ability of organizations to anticipate, respond to, and capitalize on changes in the environment. International business relations have various aspects and dimensions that in terms of factors affecting the relationship between market orientation and export performance, some studies have focused on factors such as power/dependence, cooperation/competition, trust/opportunism, and others on commitment, trust, and satisfaction.

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