Journal of System Management
2019, Issue **4**, pp. **113-124**

The Causal Model of Export Entrepreneurship and Export Market Orientation on Export Performance: a Case Study of Food and Agricultural Products Export Companies

Ali Kazemi
Department of Management, Kish International Branch, Islamic Azad University, Kish, Iran

Alireza Rousta
Department of Management, Kish International Branch, Islamic Azad University, Kish, Iran
(Corresponding Author)
Alirezarousta@yahoo.com

Abdullah Na'ami
Department of Business Management, South Tehran Branch, Islamic Azad University Tehran Iran

Received:	Revised:	Accepted:
29 January 2019	**06 October 2019**	**03 January 2020**

Abstract. The aim of this study is to define and introduce the variable of export entrepreneurship and factors affecting it in a global export-centric model. However, we seek to find the effect of the variables of export entrepreneurship and export market orientation on export performance. To test the research hypotheses, a sample of 296 people employed in food and agricultural products company located in Tehran Province has been used, whose information has been obtained. Data has been collected using standard questionnaire and the obtained information has been analyzed by SPSS and Smart PLS software. The research findings

demonstrate that resources and the intensity of competition have a positive effect on export entrepreneurship, but the impact of market distance on export entrepreneurship has not been confirmed. The results indicate the positive impact of export market orientation and export entrepreneurship on the export performance of sample companies. However, the moderating impact of the degree of globalization on the relationship between export market orientation and export performance has been confirmed.

Keywords: Export Market Orientation; Degree of Globalization; Intensity of Competition; Export Performance; Market Distance; Export Entrepreneurship

1. Introduction

Currently, one of the key strategies in the development of the country is the expansion of food and agricultural product exports, which has always been emphasized in economic development plans of the country. According to theoretical discussions, international trade growth plays a significant role in the development trend of countries. Given that the global trade trend is accompanied by a decrease in raw material and the only reliable resource for national production growth and increased foreign exchange income is the export of non-oil products, consideration of non-oil exports (Strategic Document for Iran's Non-Oil Export Promotion, 2007) and especially food and agricultural products is a national necessity. Further, promotion of exports leads to enhanced social welfare, improved people's standard of living, increased employment, productivity, income generation and development of national industries and causes foreign customers to have access to more diverse products (Mowlaei & Gol Khandan, 2015). With respect to the statistics provided and considering the further attention of the country's economy to the issue of food and agricultural product exports, the study of the variables affecting exports is one of the main incentives of this research. For the organizations that have just created or developed their export sector, export entrepreneurship is considered as an important issue. Entrepreneurship plays a crucial role in export growth by knowledge creation and transfer and causes to increase competitiveness and diversification (Hessels, 2007). Entrepreneurship and exports have

always been expressed in the literature of management, economics and marketing fields of study. Nevertheless, very few studies have been conducted on export entrepreneurship. The principle of emerging export entrepreneurship has been created through dispersion and lack of a suitable theoretical framework in the field of international entrepreneurship (Mainela et al., 2014; McDougall & Oviatt, 2000; Oviatt & McDougall, 1994). Hence, the first goal of this study is to achieve a specific definition of export entrepreneurship and its role in trade and examine its dimensions (scope, degree, speed). The second goal is to determine the factors affecting export entrepreneurship and to achieve results by applying a contingency approach and a resource-based view (RBV) and using experimental analyses. On one hand, according to the results of previous research, export entrepreneurship has made a positive impact on the export performance of organizations (Navarro et al., 2015). another factor called export market orientation, which includes the creation of market intelligence across the organization related to current needs, the future of customers and responsiveness to them at all levels of the organization (Kohli & Jaworski, 1990), can, as organizational competence, facilitate the success of export performance. Thus, in the present study, we intend to test the hypothesis concerning the effect of the two variables of export entrepreneurship and export market orientation on export performance in export companies. The final goal of this study is to examine the moderating effect of a variable called the degree of globalization on the relationship between export market orientation and export performance. This variable represents the amount of a company's tendency toward globalization. With this hypothesis, considering the positive impact of export market orientation on export performance and based on the results of past studies (Cadogan et al. 2012; Lin et al., 2014; Hoang, 2015), we seek to determine whether or not the degree of globalization can have a significant effect on the relationship between these two variables and whether this effect is positive or negative.

2. Literature review

The external environment is one of the key elements determining the level of entrepreneurship of the export company and one of the possible

factors influencing the exporter's initiative in seeking and exploiting foreign market opportunities (Ibeh, 2003). In an export context, the intensity of competition means more adaptation of marketing mix programs to meet the needs and desires of foreign consumers and shows the greater development of customer-oriented behavior (Navarro et al., 2014). Therefore, the need to seek and exploit business opportunities in foreign markets has caused that the intensity of competition positively affects the extent and degree of the organization's international orientation (Mittelstaedt et al., 2006). Based on the provided arguments, we raise the following hypothesis; H_1: Export intensity affects export entrepreneurship. Market distance is one of the major recognized barriers to international processes for companies and greatly affects how and when to enter foreign markets (Dow & Larimo, 2009). Hence, market distance makes export companies more conservative in their marketing mix programs (Sousa & Bradley, 2009). This conservatism restricts the entrepreneurial orientation and causes that exporters gradually slow down their internationalization process (Prime et al., 2009). With respect to the presented arguments, the following hypothesis is raised; H_2: Market distance affects export entrepreneurship of companies. These experiences reduce the risks and barriers to exports facing the organization and increase the company's orientation towards foreign markets and stimulate the entrepreneurial spirit. On the other hand, there is a positive correlation between the creation and adaptation of devices and infrastructure specific to export activities and corporate development in the internationalization process (Vermeulen & Barkema, 2002). Therefore, creation of an export unit helps organize and plan export activities, facilitates information gathering on foreign markets and accelerates the search and exploitation of new export opportunities and also increases the degree of entrepreneurship in the organization by raising the entrepreneurial spirit among individuals in the export unit (Nemkova et al., 2012). Based on these results, the following hypothesis is proposed; H_3: Resources affect export entrepreneurship. Some authors have also indicated that the company's export orientation has an impact on export performance. Thus, companies whose managers are actively seeking business opportunities in foreign markets and have more tendency towards exports usually have more sales and profits and show

more satisfaction with the company's export performance relative to those with less tendency to internationalization (Ibeh, 2003; Nemkova et al., 2012). Considering the aforementioned issues and confirmation of the impact of entrepreneurship on export performance, the following hypothesis is raised; H_4: Marketing export entrepreneurship affects export performance. Accordingly, companies that try to identify their customers to meet their needs and desires hope to have better performance by creating and providing higher values compared to other competitors (Cadogan et al., 2002). Furthermore, export market orientation can improve the quantitative and qualitative perspectives of export performance and this result has been mentioned in studies (Rose & Shoham, 2002; Navarro et al., 2011). Based on the views expressed, the following hypothesis is proposed; H_5: Marketing mix adaptation elements affect export performance. Cadogan et al. (2009) came to the conclusion that the internationalization of a company results not only from changing internal strategies but also from the complexity of the environments. After participating in internationalization, a company must increase its logistics costs and consider the rules, language and culture of competitors in overseas markets (McDougall & Oviatt, 1996). Through the process of internationalization, companies improve their management, competence and marketing skills and achieve competitive advantage with these measures. The level of internationalization explicitly indicates a status of the exporter in overseas markets and on the other hand shows the effects of export market behavior on export performance. Therefore, we propose the following hypothesis; H6: The degree of globalization moderates the relationship between export market orientation behavior and export performance. Based on the hypotheses stated in the experimental background section, the research theoretical model is presented in Figure 1.

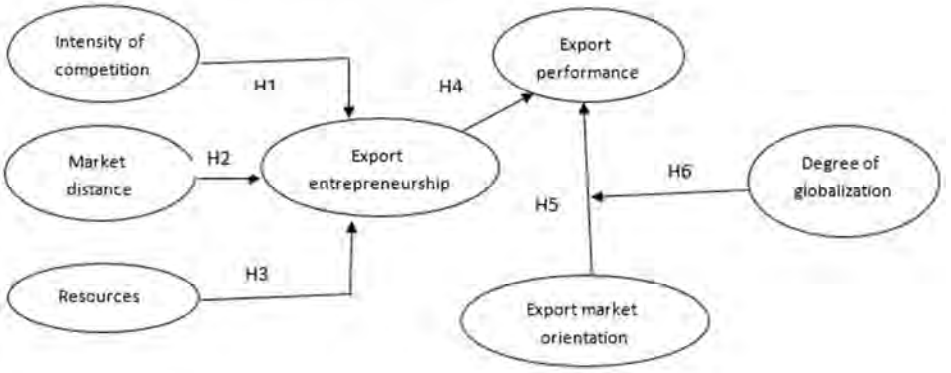

Figure 1. Research conceptual model (Navarro, Schmidt & Rey-Moreno, 2015; Lin, Huang & Peng, 2014)

3. Method

This study has been conducted on non-oil export companies in Tehran during the first twelve months of 1397 SH (2018) regardless of the company size. The statistical population consisted of 1290 companies whose data were collected through Tehran Chamber of Commerce while the sample was selected through simple sampling method. Cochran formula has been applied to determine the sample size. As a result, the sample size will be equal to 296 subjects by calculating the formula and substituting the mentioned values. To investigate the research validity, three types of validity have been used: Face validity was first approved by the opinion of professors and the sample subjects; then, to examine the content validity, based on the opinion of 8 experts and professors in the field of trade and food and agricultural product exports, the questions that reduced the research model quality in data analysis were edited and eliminated. To confirm the construct validity, after data collection, the results were investigated based on the type of the measurement model. To evaluate the reliability of the present study, three types of communality reliability, composite reliability and Cronbach's alpha have been used. After examining and confirming the reflective and formative measurement model tests, the structural model is examined. The structural model comprises path coefficient estimation test, path coefficient significance test, total R-squared (R^2) test, effect size determination (f^2), structural model quality (Q^2) and goodness of fit test. By studying all tests in the states of the measurement and

structural models, the research model hypotheses are investigated based on structural equation modeling.

4. Findings

Given the communality reliability values obtained from the variables in table 1, all are greater than 0.5 and thus, the generalizability of the reflective research questions (communality reliability concept) is confirmed.

Table 1. Reliability values and the measurement model quality

	Cronbach's alpha value	Composite reliability value	Communality reliability value	Average variance extracted (AVE)	CVCOM
A (export financial performance)	0.881791	0.927115	0.809281	0.809281	0.736265
AA (strategic export performance)	0.747337	0.855941	0.664603	0.664603	0.671340
AAA (export satisfaction)	0.710559	0.838408	0.633823	0.633823	0.532344
C (intelligent export production)	0.921290	0.950258	0.864323	0.864323	0.848004
CC (intelligent export distribution)	0.849690	0.909434	0.770416	0.770416	0.651658
CCCC (intelligent export responsiveness)	0.747215	0.855124	0.663046	0.663046	0.669543
D (country distance specifications)	0.869256	0.905367	0.656877	0.656877	0.665390
DD (people distance specifications)	0.862986	0.901669	0.647952	0.647952	0.621652
F.RE (resources)	0.709850	0.822446	0.614132	0.614132	0.610993
G.CI (competition intensity)	0.708522	0.834634	0.627311	0.627311	0.624618

Also, the measurement model quality test shows whether the questions and indicators properly measure the model variables in the form of a reflective measurement model. Based on the obtained values, since all

the variables are higher than 0.35, it can be concluded that the reflective measurement model quality of the present study is at a very high level. The results in table 2 show that five hypotheses have been confirmed and one hypothesis has been rejected.

Table 2. Hypothesis examination

Effect index (f^2)	Path coefficient significance (t-value)	Path coefficient (β)	Hypothesis	Result
0.084583	4.845593	0.273403	C.EMO-→A.EP	Confirmed
0.000793	0.427480	0.020878	D.PD-→E.EE	Rejected
0.103344	4.889079	0.302383	E.EE-→A.EP	Confirmed
0.106887	5.725952	0.290609	F.RE→E.EE	Confirmed
0.227456	8.878217	0.420852	G.CI→E.EE	Confirmed
	7.158653	0.334524	B.DOI*C.EMO-→A.EP	Confirmed

According to the values of table 3, R^2 value of the variable of export performance is equal to 0.222, which means that the variables of export entrepreneurship and export market orientation have been able to moderately predict the behavior of export performance. Based on Q^2 values, the forecast quality of export performance is average (0.119) and the forecast quality of export entrepreneurship is average to strong (0.189).

Table 3. Structural model quality and total R^2 index

Variable	Structural model quality (Q^2)	Total R^2 index
A.EP (export performance)	0.119604	0.222051
E.EE (export entrepreneurship)	0.189690	0.289476

5. Conclusions

The results show that sample companies do not have a good mechanism for development and therefore, market distances could not affect the levels of export entrepreneurship. Export market orientation plays a key role in the success of foreign trade operations. By confirming the hypothesis indicating the effect of export market orientation on export performance, it is determined that non-oil export companies have these

three requirements and adopt appropriate market orientation to improve their own export performance. This approves that the impact of export market orientation on export performance. Consequently, the level of internationalization of large corporations such as the companies in the present study moderates the effect of the relationship between export market orientation and export performance.

References

Bagozzi, R. P., & Yi, Y. (1988). On the evaluation of structural equation models. Journal of the Academy of Marketing Science, 16(1), 74–94.

Cadogan, J. W., Combe, I., Cadogan, J. W., Sundqvist, S., Puumalainen, K., & Salminen, R. T. (2012). Strategic flexibilities and export performance: The moderating roles of export marketoriented behavior and the export environment. European Journal of Marketing, 46(10), 1418– 1452.

Cadogan, J. W., Kuivalainen, O., & Sundqvist, S. (2009). Export market-oriented behavior and export performance: Quadratic and moderating effects under differing degrees of market dynamism and internationalization. Journal of International Marketing, 17(4), 71–89.

Dow, D., & Larimo, J. (2009). Challenging the conceptualization and measurement of distance and international experience in entry mode choice research. Journal of International Marketing, 17(2), 74–98.

Hair, J. F. J., Hult, G. T. M., Ringle, C., & Sarstedt, M. (2014). A primer on partial least squares structural equations modeling (PLS-SEM). Long Range Planning (Vol. 46). Los Angeles: SAGE.

Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). PLS-SEM: Indeed a silver bullet. Journal of Marketing Theory and Practice, 19(2), 139–152.

Henseler, J., Ringle, C. M., & Sinkovics, R. R. (2009). The use of partial least squares path modeling in international marketing. In New challenges to international marketing (pp. 277–319). Emerald Group Publishing Limited.

Hessels, S. J. A. (2007). Innovation and international involvement of Dutch SMEs. International Journal of Entrepreneurship and Small Business, 4(3), 234–255.

Hoang, B. P. (2015). Relationship of Export Market Orientation, Selected Export Strategy, and Export Performance: An Empirical Study.

Ibeh, K. I. (2003). Toward a contingency framework of export entrepreneurship: Conceptualisations and empirical evidence. Small Business Economics, 20(1),

49–68. Ibeh, K. I. (2004). Furthering export participation in less performing developing countries.

Karimi Kanduleh, M. & Bagh Falaki, A. (2015). Providing a model to examine the relationship between export performance of the company and internationalization: A case study of all business members of Kermanshah.

Kohli, A. K., & Jaworski, B. J. (1990). Market Orientation: The Construct, Research Propositions, and Managerial Implications. Journal of Marketing, 54(2), 1–18.

Lin, K., Huang, K.-F., & Peng, Y.-P. (2014). Impact of export market orientation on export performance. Baltic Journal of Management, 9(4), 403–425.

Mainela, T., Puhakka, V., & Servais, P. (2014). The concept of international opportunity in international entrepreneurship: A review and a research agenda. International Journal of Management Reviews, 16(1), 105–129.

McDougall, P. P., & Oviatt, B. M. (2000). International entrepreneurship: The intersection of two research paths. Academy of Management Journal, 43(5), 902–906.

Mittelstaedt, J. D., Ward, W. A., & Nowlin, E. (2006). Location, industrial concentration and the propensity of small US firms to export: Entrepreneurship in the international marketplace. International Marketing Review, 23(5), 486–503.

Mowlaei, M. & Gol Khandan, A. (2014). Business cycles of the American economy and case comparison with the Iranian economy. Quarterly Journal of Economic Research (Sustainable Growth and Development), 14(4).

Navarro A, Acedo FJ, Losada F, Ruzo E (2011) Integrated model of export activity: Analysis of heterogeneity in managers' orientations and perceptions on strategic marketing management in foreign markets. J Mark Theory Pract 19(2):187–204.

Navarro-García, A., Arenas-Gaitán, J., & Rondán-Cataluña, F. J. (2014). External environment and the moderating role of export market orientation. Journal of Business Research, 67(5), 740–745.

Navarro-García, A., Schmidt, A. C. M., & Rey-Moreno, M. (2015). Antecedents and consequences of export entrepreneurship. Journal of Business Research, 68(7), 1532-1538.

Nemkova, E., Souchon, A. L., & Hughes, P. (2012). Export decision-making orientation: An exploratory study. International Marketing Review, 29(4), 349–378.

Oviatt, B. M., & McDougall, P. P. (1994). Toward a theory of international new ventures. Journal of International Business Studies, 25(1), 45–64.

Prime, N., Obadia, C., & Vida, I. (2009). Psychic distance in exporter–importer relationships: A grounded theory approach. International Business Review, 18(2), 184–198.

Sousa, C. M., & Bradley, F. (2009). Cultural distance and psychic distance: Two peas in a pod? Journal of International Marketing, 14(1), 49–70.