



UNIVERSITY OF LEEDS

This is a repository copy of *Strategic goal accomplishment in export ventures: the role of capabilities, knowledge, and environment*.

White Rose Research Online URL for this paper:
<http://eprints.whiterose.ac.uk/112860/>

Version: Accepted Version

Article:

Spyropoulou, S orcid.org/0000-0001-9509-254X, Katsikeas, CS
orcid.org/0000-0002-8748-6829, Skarmeas, D et al. (1 more author) (2018) Strategic goal accomplishment in export ventures: the role of capabilities, knowledge, and environment. *Journal of the Academy of Marketing Science*, 46 (1). pp. 109-129. ISSN 0092-0703

<https://doi.org/10.1007/s11747-017-0519-8>

© 2017, Academy of Marketing Science. This is a post-peer-review, pre-copyedit version of an article published in *Journal of the Academy of Marketing Science*. The final authenticated version is available online at: [https:// doi.org/Journal of the Academy of Marketing Science](https://doi.org/Journal%20of%20the%20Academy%20of%20Marketing%20Science). Uploaded in accordance with the publisher's self-archiving policy.

Reuse

Items deposited in White Rose Research Online are protected by copyright, with all rights reserved unless indicated otherwise. They may be downloaded and/or printed for private study, or other acts as permitted by national copyright laws. The publisher or other rights holders may allow further reproduction and re-use of the full text version. This is indicated by the licence information on the White Rose Research Online record for the item.

Takedown

If you consider content in White Rose Research Online to be in breach of UK law, please notify us by emailing eprints@whiterose.ac.uk including the URL of the record and the reason for the withdrawal request.



eprints@whiterose.ac.uk
<https://eprints.whiterose.ac.uk/>

Strategic Goal Accomplishment in Export Ventures: The Role of Capabilities, Knowledge, and Environment

Stavroula Spyropoulou, University of Leeds, UK

Constantine S. Katsikeas, University of Leeds, UK

Dionysis Skarmeas, Athens University of Economics and Business, Greece

Neil A. Morgan, Indiana University, USA

Abstract

The management literature suggests that setting strategic goals facilitates the identification of appropriate business strategies and focuses management attention and available resources on their accomplishment, enabling subsequent goal realization. Yet, the literature also indicates that firms often find it difficult to realize their strategic goals and may find it even more challenging to do so when operating in foreign markets. However, little is known empirically about the extent to which strategic goals enable desired strategic positions to be achieved and factors that may affect this relationship. We examine this important issue using primary data from a sample of exporting manufacturers. Results support the existence of previously theorized strategic goal-realized strategic position gaps and show that these negatively impact performance. Thus, simply setting strategic goals does not necessarily aid in accomplishing the desired outcomes, and any failure to do so is costly. Drawing on organization theory, we find that internal capabilities and knowledge, and external market factors play important roles in minimizing such strategic goal-realized strategic position gaps. Specifically, we show that businesses with stronger architectural capabilities, those with higher levels of internationalization, and those operating in less dynamic market environments, are better able to realize their intended strategic objectives and thereby enjoy superior performance.

Keywords: Strategic Goals; Architectural Capabilities; Internationalization; Performance

A fundamental role of an organization's leaders is to set strategic goals to guide the actions of managers and employees (e.g., Hambrick 2007; Kaplan & Norton 2000). The psychology and management literatures provide a rationale for why setting strategic goals should aid subsequent strategy development and goal realization (e.g., Anderson et al. 2010; Locke & Latham 2002). However, in practice, gaps between desired strategic goals and subsequent goal accomplishment outcomes have been widely identified (e.g., Miller 1997; Mintzberg & Waters 1985; Narasimhan & Jayaram 1998). The press is littered with examples of firms that have been unable to achieve strategic goals set by their top managers (e.g., *The Economist* 2011). For example, Tata Auto's goal to sell more than one million of its new model Nano's a year in India and emerging market countries by producing at low cost and pricing it at the equivalent of less than \$2,000 was quickly abandoned in the face of tepid consumer response. Such failures can be costly in terms of both resources wasted and benefits from alternative resource deployments forgone (Noble & Mokwa 1999; Nutt 1999). For example, Best Buy's failure to achieve its goal to build a differentiated U.K. market position with 200 stores (it reached a total of 11) and its subsequent pull-out from the U.K. are estimated to have cost the company over \$300 million. Yet, little is known about why some businesses may be better than others at translating their strategic goals into realized positional advantages and thereby enhance their performance outcomes (e.g., Dobni & Luffman 2003; Shinkle 2012).

Drawing on organization theory, we examine the role of key internal and external factors in enabling strategic goal realization in manufacturers' export ventures. This is a theoretically interesting and managerially relevant context for a number of reasons. First, requiring fewer resources and involving lower risks than other entry modes, exporting is the most widely-used way that firms engage internationally (Leonidou & Katsikeas 1996). Second, exporting is a key driver of economic activity and firm growth—with firms continuing to export even when they also engage in other forms of internationalization (e.g.,

Nemkova et al. 2015). Third, due to greater forecasting difficulties and diminished control over implementation levers, it may be particularly difficult to realize desired strategic goals when dealing with marketplaces distant and different from the firm's home market (e.g., Fang et al. 2007; Johanson & Vahlne 2009). Fourth, export ventures are marketing-based strategic business units (SBUs) of the firm responsible for marketing a single product (or line) to a specific foreign market (Cavusgil & Zou 1994)¹. They therefore represent an excellent context for studying important strategic marketing problems (e.g., Morgan et al. 2012).

This study confirms the existence of significant gaps between export ventures' intended strategic goals and the strategic positions they subsequently realize. This is important because we find that export ventures that achieve desired strategic goals exhibit significantly stronger financial performance than those that fail to do so—by a magnitude of 12% in the case of differentiation goals and 19% in the case of cost goals. Thus, having strategic goals does not necessarily lead to competitive advantage, and any failure to do so is costly. Understanding the factors that aid in closing strategic goal–realized positional advantage gaps is therefore of both theoretical and managerial importance. In this study, we show that to achieve strategic goals and deliver maximum results, firms also need to deploy certain capabilities, possess specific experiential knowledge, and match environmental contingencies.

Specifically, this study makes three primary contributions to the literature. First, we find that an important cause of export ventures' inability to realize intended strategic goals is weaknesses in their architectural capabilities—that is, the planning and implementation processes used to orchestrate the acquisition and deployment of resources (Morgan et al. 2003). As shown in Table 1, prior studies have examined direct effects of capabilities or their mediating role in relationships of organizational resources with positional advantages and/or

¹ Given variations among both product-lines and export markets, different export ventures of the firm adopt dissimilar marketing strategies and perform differently. The export venture is therefore the preferred unit of analysis as it produces more accurate and reliable findings than firm-level investigations that aggregate all of the firm's foreign market ventures (Cavusgil & Zou 1994; Myers 1999).

performance outcomes. We extend knowledge by investigating the moderating effects of capabilities on intended export strategic goals–realized positional advantage links. Our results show that export ventures with stronger architectural capabilities are significantly better able to realize their intended strategic objectives. This identifies a new mechanism through which architectural capabilities create value and provides insight for managers on how they can reduce and even overcome commonly observed strategic goal realization problems.

--Insert Table 1--

Second, the literature reports equivocal findings regarding internationalizations' role in influencing firm performance. We contribute to this research stream by demonstrating that a firm's experience-based knowledge of operating in international markets better enables its export ventures to realize their desired strategic goals. Specifically, we find that degree of internationalization—the intensity and scope of the firm's foreign operations and markets—has a beneficial effect on export ventures' ability to translate desired strategic objectives into subsequently realized strategic positions. This suggests that such experiential knowledge enhances decision-makers' ability to execute strategy content that is aligned with desired strategic goals and the market environment. Our findings deepen understanding of the importance of internationalization and identifies a new mechanism by which it may be linked with firm performance—by providing experiential knowledge that can help firms' export ventures achieve greater strategic goal realization benefits.

Third, we identify that a key aspect of the external environment—the rate of change in the export marketplace—weakens export ventures ability to realize intended strategic goals. Theoretically, business strategies need to be aligned with the environment in which they are deployed if desired goals are to be achieved (Porter 1996). Prior research has examined the moderating role of environmental conditions in relationships of resources and capabilities with business performance outcomes (e.g., Kirca et al. 2005; Kumar et al. 2011; Wilden &

Gudergan 2015). We extend this stream of research by showing that businesses operating in less dynamic market environments are significantly better able to realize their intended strategic objectives. This contributes to knowledge of how goal realization relates to the environmental imperatives faced by the firm and helps managers better understand and potentially avoid frequently observed strategic goal realization problems.

THEORY FRAMEWORK

Strategic Goals and their Accomplishment

There is broad agreement in the management literature that an organization's performance is a function of its strategic behavior, and that an organization's strategic behavior is driven by its strategic objectives (Greve 2008; Shinkle 2012). The literature posits that organizations establish strategic goals in order to: (1) communicate strategic direction and priorities to managers and employees; and (2) provide measures of success (e.g., Feigenbaum et al. 1996; Henri 2006; Simons 1991). Analogous research on the effect of goals on individuals and teams shows that goal-setting improves subsequent goal achievement in three ways by: directing attention and effort; motivating greater effort; and, leading to search for—and use of—task-relevant strategies and knowledge (e.g., Anderson et al. 2010; Locke & Latham 2002).

In organization theory and practice, goals are hierarchical in nature (e.g., Greve 2008; Shinkle 2012). Leaders—typically the firm's CEO and/or Top Management Team—select goal criteria and identify required performance levels for the organization's overall performance goal(s) (e.g., Marginson 2002; Simons 1991). These are translated into SBU performance goals which, if achieved, will deliver the required firm-level performance (e.g., Goold & Quinn 1990; Kaplan & Norton 1995). At the SBU-level, managers then identify the strategic position goals that will best enable the SBU's required performance outcomes to be achieved. While such strategic goals may be firm specific, their underlying nature is rooted in

the positional advantages pursued, namely cost and differentiation (Porter 1996). Thus, in establishing strategic goals SBUs aim to achieve strategic positions of two broad types in their product markets—cost-based and differentiation-based advantages (Campbell-Hunt 2000). For example, in single-business firm contexts, Southwest Airlines aims to be the low cost but friendly airline, Wal-Mart to provide everyday low prices on the widest selection of goods, and McDonald's to offer basic but good tasting fast-food meals at low prices. In each case the desired strategic position goal is selected to guide the behavior of managers and employees in the expectation that if they are achieved they will deliver the level and type of performance outcomes required (e.g., Menguc et al. 2007; Spanos & Lioukas 2001).²

Thus, strategic goals concern the desired positional advantages by which managers anticipate being able to deliver required performance outcomes (Lovas & Ghoshal 2000). SBU managers then make resource deployments designed to attain these desired strategic goals (e.g., Aaker 2013; Hofer & Schendel 1978). However, while the management literature posits that firms' goals influence their strategic behavior, it has also been observed that firms are frequently unable to realize strategies that deliver desired strategic positions (e.g., Mintzberg & Waters 1985; Noble & Mokwa 1999).

Although studies examining the strategic goal–subsequent positional advantage relationship are sparse, organization theory suggests that factors both internal and external to the firm may facilitate or impede this goal realization process. From an organization theory perspective, an organization's effectiveness—the degree to which desired organizational goals are achieved—is a function of its ability to absorb environmental uncertainty (e.g., Lewin & Minton 1986; Nadler, Tushman, & Nadler 1997). From an internal perspective, the

² Early theorizing suggested that while possible, pursuing both cost- and differentiated advantage positions may lead to lower performance but later theorists (e.g., Hill 1988; Murray 1988) view the pursuit of the two different strategic positions as not mutually exclusive, and showed they can even be complementary. Firms with a mix of cost- and differentiation-based positional advantages have also been shown to be common (e.g., Campbell-Hunt 2000). Given this, we treat them as independent. The insignificant correlations between both cost- and differentiation-based goals and strategic positions observed in our data support this approach.

literature highlights the role of available resources and capabilities in processing and dealing with environmental uncertainty (Audia & Greve 2006; Wiklund & Shepherd 2003).

Externally, the literature suggests that the level and type of environmental uncertainty that must be absorbed by an organization is largely driven by the characteristics of the marketplace in which it operates (e.g., Lawrence & Lorsch 1967; Tushman & Nadler 1978).

From this perspective, resources are the stocks of tangible (e.g., plant, equipment) and intangible (e.g., knowledge, reputation) assets available, while capabilities are the processes by which firms identify and acquire needed resources and transform them into realized marketplace value offerings (Feng et al. 2017; Kozlenkova et al. 2014). The literature suggests that knowledge is a particularly valuable “meta-resource” since it can enhance the deployment value of other available resources (Morgan 2012). For example, Day (1994) posits that achieving desired strategic objectives requires strong market-based knowledge and experience if strategies that are well-aligned to both strategic objectives and the marketplace are to be designed and executed. From this perspective, international business theorists (e.g., Johanson & Vahlne 2009) point to the significance of accumulated experiential knowledge of foreign operations in helping firms achieve positional advantage in overseas markets. The literature suggests that the firm’s involvement in international markets is a key experience-based market knowledge asset that may play an instrumental role in export strategic goal realization and performance outcomes (e.g., Lu & Beamish 2006; Morgan et al. 2003).

From a capabilities perspective, the literature highlights that it is the capabilities by which organizations develop strategies and acquire and deploy the resources required for strategy execution that explain inter-firm performance variations (Morgan 2012). Such capabilities are identified as “Architectural” (e.g., Danneels 2002; Henderson & Cockburn 1994) and concern the higher-level processes used to formulate and implement strategic decisions by coordinating the organization’s lower-level capabilities and connecting them

with their required resource inputs (e.g., Bharadwaj et al. 1993; Vorhies & Morgan 2005). These enable organizations to reduce environmental uncertainty by planning appropriate combinations of available resources to deploy into their marketplaces and executing these planned resource deployments, delivering realized value offerings for target markets (Day 2011; Morgan 2012). This suggests that a key driver of an organization's ability to achieve desired strategic goals is the capabilities it uses to translate strategic goal decisions into appropriate strategies, tactics, and resource deployments in ways that match the marketplace environment.

As key sources of environmental uncertainty, target marketplace factors could also influence an organization's ability to realize strategy in ways that accomplish desired goals (e.g., Miller & Friesen 1983; Morgan 2012). Strategic management scholars posit that an organization's environment presents uncertainty that contains both opportunities and threats, and that organizational performance is a function of the selection of goals and strategies that align with these environmental conditions (Bourgeois 1980; Qi et al. 2011). Thus, the extent to which strategic goals are realized may be affected by the environment in which the organization operates. Here, we focus on market dynamism and competitive intensity as key marketplace characteristics that may affect strategic goal accomplishment as both have been shown to be key sources of environmental uncertainty affecting organizational conduct and performance (Kumar et al. 2011; Wilden & Gudergan 2015).

Figure 1 depicts our research model and the constructs examined to enhance understanding of firms' export venture strategic goal realization and its consequences. We address three categories of moderators of the goal realization processes: architectural capabilities (i.e., planning and implementation), internal knowledge (i.e., degree of internationalization), and environmental factors (i.e., market dynamism and competitive intensity). We focus on the moderating relationships of these factors in developing our

hypotheses since the direct effect of strategic goals on strategic positions achieved is theoretically straightforward. We do not develop hypotheses for the direct effects of cost and differentiation advantages on performance as existing theory and evidence are clear with respect to how these strategic positions impact firm performance. Next, we develop the research hypotheses tested in this study.

--Insert Figure 1--

The Role of Capabilities

Notwithstanding the effects of organizations' strategic goals on their strategic behavior, the literature indicates that many frequently fail to fully achieve their strategic objectives (e.g., Dimitras et al. 1996; Li & Guisinger 1991). Our theory framework suggests that those with stronger architectural capabilities may be better able to deal with environmental uncertainty and thus reduce such strategic goal-realization gaps. The literature identifies two main types of architectural capabilities. First, planning capability—the processes by which an integrated set of “what” decisions specifying planned strategic behaviors designed to achieve desired strategic goals are developed (e.g., Teece et al. 1997; Vorhies et al. 2009). These include the routines used to segment the export marketplace, identify clear export targets, and develop credible export strategies designed to achieve desired strategic position goals (Day 1994). Second, implementation capability—the processes by which “how” decisions specifying the set of tactical actions necessary to realize planned strategic behavior and the resources required to enact them are made (e.g., Dobni & Luffman 2003; Grant 1996). This encompasses the processes by which the export venture shapes its organization design and resource deployments in ways that allow the actions needed to realize planned strategy to be accomplished in ways that match the marketplace environment (Day 1994).

Drawing from the literature on organizations' strategic behavior, we posit that failure to achieve desired strategic objectives may be a result of an export venture's inability to develop

planned patterns of strategic behaviors that are (a) well-aligned with both its strategic objectives and marketplace environment, or (b) weaknesses in its ability to identify and realize tactical actions and resource deployments necessary to effectively execute planned strategic behaviors. This viewpoint is consistent with the goal-setting literature in psychology, which suggests that goal effects are dependent on an individual's ability to discover and implement appropriate task strategies (Baum & Locke 2004; Dholakia et al. 2007). An export venture with strong architectural capabilities has a greater ability both to develop appropriate strategies and to execute intended strategies and should therefore better realize its intended strategic objectives³. In effect, planning and implementation capabilities serve as the internal mechanism through which export ventures can absorb environmental uncertainty in ways that close the gap between intended strategic goals and realized advantage positions in foreign marketplaces. Thus:

H1: The export venture's (a) planning and (b) implementation capabilities strengthen the relationship between its intended cost goals and the cost position it achieves.

H2: The export venture's (a) planning and (b) implementation capabilities strengthen the relationship between its intended differentiation goals and the differentiation position it achieves.

The Role of Knowledge

A key source of exporters' market-based knowledge is the firm's level of internationalization which reflects the scale (i.e., quantity of overseas business in relation to overall business) and scope (i.e., number of foreign regions and countries) of its export operations (e.g., Lu & Beamish 2001; Tallman & Li 1996). By engaging in repeated interactions in a variety of foreign markets, a firm enriches its organizational routines, programs, and structures and stores experiential knowledge (Eriksson et al. 1997; Sheng et al. 2015). This knowledge encompasses both understanding of how to engage in export operations (e.g., how to deal

³ While architectural capabilities may reside at the firm-level they are used and deployed at the business unit level where competition with rivals takes place and most variance in inter-firm performance is explained.

with export trade credits, insure shipments, deal with reverse-logistics, etc.) and market-specific knowledge of foreign institutions and business practices (e.g., trustworthiness of specific intermediaries, import documentation requirements, taxation collection mechanism, etc.) (Fang et al. 2007; Lu & Beamish 2006). Knowledge of this kind is important because knowledge that enables competitive advantage in a firm's home market may not be equally useful in export marketplaces (Johanson & Vahlne 2009). For example, political, economic, and cultural differences necessitate that exporters are able to change the ways they do business from that used in their domestic market (e.g., Zou & Cavusgil 2002; Yang et al. 2012). Broad international experience can therefore help exporters avoid the misapplication of knowledge from the domestic market to other markets (Levitt & March 1988).

From this perspective, internationalization theory views involvement in and experience with international markets as a key knowledge resource (e.g., Salomon & Jin 2010). This may allow managers to better deal with uncertainty in the export marketplace by providing key export market-based knowledge that enables them to better identify which available strategy options best match the specific requirements of the target export market (e.g., Fang et al. 2007). Similarly, accumulated knowledge of export operations should guide decision-makers to frame tactical choices from a more realistic perspective and pursue tactics that are aligned with the needs of the specified export market (e.g., Morgan et al. 2012). Given the increased difficulty of successfully identifying and accomplishing required strategic goal realization tasks in export (versus domestic) markets, a high degree of internationalization may be particularly valuable in helping a firm's export ventures attain their intended strategic goals. Thus, we posit that:

H3: *The firm's degree of internationalization strengthens the relationship between the export venture's intended cost goals and the cost position it achieves.*

H4: *The firm's degree of internationalization strengthens the relationship between the export venture's intended differentiation goals and the differentiation position it achieves.*

The Role of External Environment

Researchers have long argued that as a key source of environmental uncertainty, the marketplace faced by an organization shapes the strategies it pursues and that organizational effectiveness results from the congruence of an organization's environment and strategy (e.g., Bourgeois 1980; Lawrence & Lorsch 1967). Marketplace characteristics can therefore be instrumental in helping or hindering an export venture's ability to absorb environmental uncertainty and thereby realize its intended strategic goals. We posit that the extent to which export ventures deliver desired strategic goals is contingent on two key export marketplace factors: market dynamism and competitive intensity.

Market dynamism refers to the rate of change in customer requirements and preferences (Arnold et al. 2011; Lee et al. 2015). Frequent, unpredictable, and rapid changes in customer preferences can pose significant challenges to strategic goal accomplishment. When foreign market demands are constantly changing, export ventures find it difficult to understand, evaluate, and track customer preferences and behavior (e.g., Blocker et al. 2011; Shi & Gao 2016). This impairs the accuracy of their forecasts, increases uncertainty and risk, diminishes the ability to predict appropriate actions, and thus weakens the link between strategic goal setting and goal realization. In contrast, more stable market environments are characterized by smaller and less frequent changes in customer preferences, which means that environmental uncertainty may not exceed the export venture's capacity to predict and control the consequences of its actions (March 1991). Such relative marketplace predictability should aid intended strategic goal realization since export ventures are better able to make and execute informed and well-aligned strategic decisions. Thus, we posit that:

H5: Export market dynamism weakens the relationship between *the venture's* intended cost goals and the cost position it achieves.

H6: Export market dynamism weakens the relationship between *the venture's* intended differentiation goals and the differentiation position it achieves.

The second environmental factor with a possible moderating role in the link between strategic goals and realized strategic positions is the degree of competition an export venture faces. Competitive intensity concerns the number of rivals in the export marketplace and the frequency and intensity with which they use marketing tools (e.g., pricing, promotion activities) to respond to competitive actions (Jaworski & Kohli 1993). Higher levels of competitive intensity therefore both creates greater marketplace uncertainty and makes it more difficult to determine and execute strategy options designed to deal with the uncertainty (Kumar et al. 2011).

When competitive intensity is low, an export venture may be better able to translate intended strategic goals into realized strategic positions since it has to deal with less uncertainty. For example, since customers have fewer alternatives and may be less able to easily switch suppliers, they are more likely to continue to purchase from the firm (Cadogan et al. 2003). Under such conditions, export ventures can better predict the outcomes of their strategic actions designed to pursue intended goals (Auh & Menguc 2005). In contrast, in highly competitive markets customers have a wider array of supplier choices. In addition, when rivalry is intense, the export venture has to constantly try to anticipate and respond to rivals' actions, and the results of its own planned behavior are more difficult to accurately predict (Auh & Menguc 2005; Murray et al. 2011). As a result, it may be harder for the export venture to realize its goals with respect to achieving positional advantages over rivals.

Therefore, we posit that:

H7: Competitive intensity in the export market weakens the relationship between the *venture's* intended cost goals and the cost position it achieves.

H8: Competitive intensity in the export market weakens the relationship between the *venture's* intended differentiation goals and the differentiation position it achieves.

METHODS

Empirical Context

U.K. manufacturers' export product market ventures are the context for this study. We focus

on a single export venture since a firm may have one or more products/lines sold to more than one foreign market. Different export ventures of the firm operate as distinct SBUs and may set different goals, pursue corresponding strategies, and achieve different strategic positions and performance outcomes. Thus, our export venture-level design enables us to control for potential firm-level confounds due to differences among a firm's multiple export ventures (e.g., Cavusgil & Zou 1994; Morgan et al. 2012). To enhance generalizability, we used a multi-industry sample of firms in the rubber and plastic products, machinery, textile mill products, apparel and similar goods, chemical and allied products, and electrical and electronic products industries. These sectors exhibit high involvement in exporting and cover a large volume of U.K. exports. Examining export ventures in diverse foreign market areas and different sectors also has advantages in: variability in export venture practices; cross-firm variability within the same industry and within the same export target market area; and, control over potential confounding factors in cross-national research.

Field interviews

As a first stage in our study, we conducted in-depth exploratory interviews with nine managers in different exporting firms to examine the relevance of the phenomenon studied, assess the face validity of our conceptual model, and gain research design insights. Managers noted that it was common not to fully achieve their strategic objectives in their export venture operations. As one stated, "In many cases we didn't manage to reach our targets in foreign markets for one reason or another and this is a big problem for us." Likewise, another commented: "We do have goals that we are striving to achieve ... the problem is that often we can't reach them and this leads to inevitable disappointment." Further, our pre-study interviews showed that that an essential part of an export manager's responsibility was to formulate and execute export venture strategy (from goal-setting to assessing realized goal achievement) and to be well informed about the export market conditions and trends. Thus,

export managers clearly have the knowledge required to report on the constructs in our theory framework. However, most interviewees confirmed that they were uncomfortable revealing financial information and were unwilling to provide access to internal performance reports.

Sample and Data Collection

Using a systematic random sample of 1200 exporters from Dun and Bradstreet, we contacted each firm to (1) identify that they were manufacturers with established export venture operations (five years or longer); (2) pre-notify the execution, purpose, and importance of the study; and (3) locate a knowledgeable key informant, check contact details, and request participation. Our screening identified potential respondents in 1032 firms. The remaining 168 firms could not be reached (39 firms), did not meet eligibility criteria (38 had been exporting for less than five years, 26 were intermediaries, 22 had stopped exporting), or were unwilling to provide eligibility assessment information (43 had corporate policy restrictions).

To limit potential problems associated with common method bias and causal inference, we used a longitudinal research design (Rindfleisch et al. 2008).⁴ Specifically, we collected data on export venture strategic goals (i.e., cost and differentiation), architectural capabilities (i.e., planning and implementation), degree of internationalization, and export market characteristics (market dynamism and competitive intensity) at t_1 and on export venture realized strategy (i.e., realized cost and differentiation advantages) and performance 12 months later (t_2). Theoretical guidance is limited on the time lag required for the influence of strategic goals on subsequent strategic behavior and realized strategic position to manifest. We selected the temporal separation of 12 months because our exploratory interviews suggested that this is long enough for strategic goals to be realized and short enough to limit the likelihood of confounds due to possible intervening events.

⁴ The complex nature of the hypothesized moderating relationships we examine makes it unlikely that common method bias would create artificial interaction effects (Podsakoff et al. 2012).

We mailed the questionnaire to the key informant (typically an export manager) in each of the eligible 1032 firms, asking informants to respond for a specific export venture running for at least five years to avoid possible confounds (Morgan et al. 2004). To minimize respondent bias and ensure variation in responses, each informant was instructed randomly to respond with respect to the largest, third-largest, or fifth-largest export venture in terms of sales volume. If the firm had less than five (three) export ventures, the respondent was asked to focus on the one closest to the assigned rank. Reminder postcards and two additional mailings resulted in 476 responses. We excluded 22 questionnaires due to missing data and another eight failed our post hoc informant quality tests (discussed subsequently). Thus, we obtained 446 usable responses (of 1032 eligible firms) at t_1 , a response rate of 43.2%.

To collect our t_2 data, we targeted all 446 firms that responded at t_1 , employing three questionnaire mailings along with reminder postcards. After multiple telephone calls, 268 firms responded at t_2 . We excluded six questionnaires due to missing data and dropped another nine because they failed our informant quality checks. Thus, the sample used for hypotheses testing consisted of 253 usable responses containing longitudinal data for a t_2 effective usable response rate of 56.7% (253 of 446 firms).

As a final step in ensuring data quality, we followed Kumar et al. (1993) and checked informant competency. The questionnaire included three items that assessed the informant's (1) knowledge of the export venture's activities, (2) involvement in the export venture's business decisions, and (3) confidence in completing the questionnaire. We dropped eight t_1 and nine t_2 respondents who scored lower than 4 (mid-point of the seven point scale) for one or more of these items. The average scores for informant competency at t_1 and t_2 were 5.81 and 5.67, respectively, indicating that informants were highly qualified and knowledgeable.

T-tests revealed no significant differences between early and late responders on study constructs and firm characteristics (annual sales, export-to-total sales ratio, years of exporting

experience, and employee number). A comparison of the 253 sample firms with 50 randomly selected non-respondent firms also revealed no significant differences in terms of employee number, years of exporting, and export ratio. Thus, non-response bias does not appear to be a concern in this research. We assessed whether our final t_2 sample is representative of t_1 respondents by comparing the firms responding at t_2 with those responding at t_1 with regard to annual sales, export ratio, years of exporting, and employee number (e.g., Zhou et al. 2014). T-tests indicate no significant differences between the two groups.

Measure Development

Following standard psychometric procedures we first specified the conceptual domain of each model construct. We then developed two draft questionnaires (for t_1 and t_2 data collection) based on the literature and insights from interviews with export managers. Four academics familiar with research on competitive strategy and international business assessed the content validity of the measures selected. Next, we refined the questionnaire through personal interviews with a further 10 managers who had significant experience in their firms' export venture activities. Finally, we conducted a pilot study using a sample of 48 managers in exporting firms, receiving 31 usable responses. We detected no particular problems with the clarity of instructions, response formats, or questionnaire length. We used multi-item measures for the key study constructs (see Appendix).

Measures

Strategic goals. Strategic goals concern the desired positional advantages by which managers anticipate being able to deliver required performance outcomes. To measure the degree to which the export venture's strategic goals focus on achieving cost efficiencies and/or differentiated strategic positions, we adapted items from scales used by Doty et al. (1993) and Vorhies et al. (2009).

Architectural capabilities. We tapped the export venture's planning capability i.e. its

ability to conceive plans that optimize the match among its goals, resources, and marketplace, and implementation capability i.e. the venture's ability to transform planned strategies into realized strategic behaviors and resource deployments using items from Morgan et al. (2009).

Degree of internationalization. To assess internationalization, we captured the two core aspects of export activity: scale in terms of the proportion of export sales to overall sales; and, scope in terms of the number of countries to which the firm exports and the geographic diversity of the firm's export activities. We thus asked respondents to indicate the export to total sales ratio, the number of export markets, and the geographically distinct regions to which they export (from a list of eight regions). The scores of these three elements were standardized and equally weighted to produce an aggregate score for degree of internationalization. The items were derived from Cadogan et al. (2009).

External environment. We measured market dynamism i.e. the rate of change in the export venture market, including changes market demand, the composition of customers, and customer preferences, using items from Arnold et al. (2011). To capture competitive intensity i.e. the extent to which rival companies in the target export market are able and willing to respond to the firm's actions, we used items adapted from Jaworski and Kohli (1993).

Realized strategic positions. We measured the degree to which the export venture achieved cost-based and differentiation positional advantage using four-item scales of each construct. We adapted the items from prior research (Morgan et al. 2004) using insights from interviews with managers and discussions with strategic management and marketing scholars.

Financial performance. We assessed financial performance using respondents' assessments of the venture's return on investment, return on sales, venture margins, and financial goals using items adapted from Morgan et al. (2009). We used self-report measures because (1) objective measures may be biased by the purpose for which they are produced (e.g. Gatignon & Xuereb 1997); (2) previous studies find corroboration between subjective

and corresponding objective performance indicators (e.g. Ren et al. 2009); (3) the literature suggests that perceptions of reality, rather than the objective calibration of this reality, drive managers decisions and actions (e.g., Day & Nedungadi 1994); and (4) firms' public financial statements do not provide performance data for individual export ventures.⁵

Control variables. We include a number of controls in our hypothesis testing models. Exporter size, measured as the natural logarithm of a firm's full-time employees, as operating in overseas markets requires resources and larger firms may have more resources (Lu & Beamish 2006). Firm age, the natural logarithm of the number of years the firm has been in operation, as firms that have been in existence longer have had more time to establish their market presence (Zaheer & Bell 2005). Market growth, as growing markets offer a higher probability of business success (Fang et al. 2011; Jin et al. 2016). Technological and marketing capabilities, as prior research has consistently identified these as primary drivers of a firm's performance (Eisend et al. 2016; Song et al. 2007; Wilden & Gudergan 2015). In addition, we used dummy variables to control for industry-specific effects.

Measurement Model

We examined the psychometric properties of our scales using confirmatory factor analyses with maximum likelihood estimation. All items were modeled to load on their designated factor, and all latent variables were allowed to correlate. Results indicate that the measurement model represents a good fit to the data. The chi-square ($\chi^2 = 1568.72$) is significant ($p < .001$) with 1146 degrees of freedom, due to this test's sensitivity to sample size (Bagozzi & Yi 2012). Other fit diagnostics include a comparative fit index (CFI) of .95, a non-normed fit index (NNFI) of .94, an incremental fit index (IFI) of .95, a root mean square error of approximation (RMSEA) of .038, and an average off-diagonal standardized

⁵ Absent secondary data sources, we contacted respondent firms to request information on sales volume and profit margins and were able to gather this data for 28 export ventures. Correlations between these objective data and the relevant survey indicators of export venture financial performance were .64 ($p < .01$) and .71 ($p < .01$), respectively, enhancing confidence in the validity of our key informant financial performance data.

residual (AOSR) of .035. All factor loadings exceeded 0.65 and t-values exceeded 10.59, providing evidence of convergent validity. We assessed discriminant validity through model comparisons with ϕ freed versus fixed at 1 for all construct pairs (Gerbing & Anderson 1988). In all cases, the chi-square differences were significant at the .05 level. Finally, the average variance extracted of each construct exceeded the squared correlation between itself and any other construct, offering further evidence of discriminant validity (Fornell & Larcker 1981; Voorhees et al. 2016). Table 2 presents the correlation matrix for the study variables.

--Insert Table 2--

HYPOTHESIS TESTING RESULTS

Due to likely correlation of error terms in the hypothesis testing equations, we used seemingly unrelated regressions (SUR) which produces reliable estimates by accounting for the contemporaneous correlation of errors across equations (Zellner 1962).⁶ We estimated three equations with cost advantage, differentiation advantage, and performance respectively as the dependent variables. We initially estimated the main effects model including the effects of cost and differentiation goals, cost and differentiation advantages, and the control variables. We then added the direct effects of moderators and finally the hypothesized interaction effects. For simplicity, we present only the main and full effects model results (see Table 3). Prior to calculating the interaction terms, the component variables were mean-centered to reduce multicollinearity. The results indicate that the full model has substantial explanatory power, with R^2 values .36 for cost advantage, .43 for differentiation advantage, and .26 for performance. Table 3 reports the coefficients, t-values, standard errors, and significance levels, together with the χ^2 and R^2 values for each model.

--Insert Table 3--

⁶ We also used hierarchical regression analysis and SmartPLS to test our hypotheses. No material change in the direction and significance of the hypothesized links was found, enhancing confidence in our findings.

The full model results show that while strategic goals have some beneficial effect on subsequently realized positional advantages in the case of differentiation goals, such benefits are not present in the case of cost goals. The results also indicate that the level of positional advantage achieved is a strong predictor of export venture financial performance. Thus, the negative impact of failing to achieve desired strategic positions is likely economically significant. To provide a calibration of this, we compared the performance of firms that achieved their desired strategic goals with those that did not.⁷ T-tests revealed that firms that failed to achieve their cost goals exhibited a significantly lower level of financial performance than firms that accomplished their cost goals (4.25 vs. 4.76; $t = -3.76$, $p < .01$). For firms that failed to achieve differentiation goals, the financial performance gap was even larger (3.86 vs. 4.78; $t = -6.45$, $p < .01$). Thus, the failure to achieve desired strategic goals clearly has considerable negative performance consequences for the firms in our sample.

In terms of the hypothesized moderating relationships, the results provide support for H1a, which links the interaction of strategic cost goals and planning capabilities with subsequent cost advantage ($\beta = .15$, $t = 2.44$). We also find a positive interaction effect of cost goals and implementation capabilities on cost advantage achieved ($\beta = .20$, $t = 2.91$), as predicted in H1b. Figures 2 and 3 graph these significant interactions and clearly show that cost advantage positions better result from strategic cost goals for ventures with higher than lower planning and implementation capabilities, respectively. Consistent with H2a, we also find a positive interaction of differentiation goals and planning capabilities with subsequent differentiation advantage achieved ($\beta = .16$, $t = 3.31$). Likewise, there is a positive interaction effect of differentiation goals and implementation capabilities on differentiation advantage ($\beta = .24$, $t = 4.12$), as predicted in H2b. Figures 4 and 5 illustrate these interactions and show

⁷ We defined firms that achieved their strategic goals as those that scored at least as strongly on the cost or differentiation strategic goal scale as on the corresponding achieved strategic position scale.

that both high planning and implementation capabilities strengthen the positive effect of differentiation goals on differentiation advantage achieved.

Insert Figures 2, 3, 4 & 5

The results also lend support to both H3 and H4, which suggest that the strategic goal–realized advantage relationship for export ventures is contingent on the firm’s degree of internationalization. The posited interactions of cost goals with degree of internationalization and differentiation goals with degree of internationalization are significant for cost advantage ($b = .17, t = 2.54$) and differentiation advantage ($b = .15, t = 2.42$), respectively. Figures 5 and 6 graph these significant interactions and show that advantage positions better result from strategic goals in export ventures in firms with higher, as opposed to lower, levels of internationalization.

In line with H5, we find a negative interaction of cost goals and market dynamism with subsequent cost advantage ($\beta = -.15, t = -2.49$). Similarly, as predicted in H6, there is a negative interaction effect of differentiation goals and market dynamism on differentiation advantage ($\beta = -.15, t = -2.36$). Figures 8 and 9 illustrate that high market dynamism weakens the effect of cost and differentiation goals on cost and differentiation advantage, respectively. However, the results lend no support for H7, which links the interaction of strategic cost goals and competitive intensity with subsequent cost advantage ($\beta = .03, t = .46$). Likewise, no support is found for H8, which links the interaction of strategic differentiation goals and competitive intensity with differentiation advantage ($\beta = -.03, t = -.60$).

Insert Figures 6, 7, 8 & 9

DISCUSSION AND IMPLICATIONS

Our results show that while the setting of strategic goals can be valuable in achieving strategic positions that enhance financial performance, it is clearly insufficient in and of itself to drive complete realization of the desired positional advantage. To minimize such strategic

goal-realized advantage gaps, our results show the value of planning and implementation capabilities in achieving both cost-based and differentiation strategic goals. Consistent with our theorizing, our findings suggest that planning capabilities help businesses identify and select among cost-management areas and competitive differentiation moves that enable the achievement of both cost advantage and differentiated position strategic goals. In addition, implementation capabilities aid businesses in identifying, selecting and executing tactics designed to realize strategies in ways that deliver strategic position goals. In fact, the insignificant direct effects of these two architectural capabilities observed in our results suggest that reducing strategic goal-realized strategic position gaps is the key mechanism by which such planning and implementation capabilities create value for organizations that possess them.

Our study findings also reveal that the firm's level of internationalization helps its export ventures translate desired strategic goals into realized strategic positions. Both cost and differentiation goals-to-positional advantage relationships are strong, positive, and significant for export ventures in firms with greater foreign market involvement. This is consistent with our theorizing that experiential knowledge of international operations provides valuable knowledge of how to navigate foreign markets operations that enables a firm's export ventures to absorb uncertainty and better accomplish strategic objectives in export markets. Firms engaging extensively across foreign countries and regions gain significant operations knowledge and marketplace expertise (The Economist 2016). We show that such accumulated experience and knowledge through greater involvement in export operations facilitates export venture strategic goal realization and thus helps firms further capitalize on the opportunities offered by globalization.

Further, our results show that an export venture's failure to achieve its strategic objectives in export markets is due in part to environmental conditions. Our findings suggest

that businesses operating in turbulent export venture markets find it difficult to accurately forecast and effectively respond to market shifts, hindering strategic goal accomplishment. In contrast, relatively stable markets facilitate anticipation of and adjustment to export marketplace changes and better enable the achievement of cost- and differentiation-based positional advantages. Yet, we also find that competitive intensity does not play a significant role in moderating the goal to positional advantage paths. Since export venture managers are typically cognizant of their export market rivals, this suggests that competitive intensity does not necessarily diminish their ability to predict rival's competitive moves and likely responses. The extent to which rivals in the export market are able and willing to respond to the export venture's actions may therefore be built into its strategic goal-setting.

To provide insight into the relative magnitude and practical significance of our findings, we identified export ventures with high cost (differentiation) goals and divided our sample into high and low groups (median split) for planning capability, implementation capability, degree of internationalization, and market dynamism. We then compared the average cost (differentiation) advantage scores across groups. Export ventures with strong versus weak planning capabilities achieved 12.3% greater cost advantage and 18.2% greater differentiation advantage, while those with strong implementation capabilities improved their cost advantage position by 19.4% and their differentiation advantage position by 27%. Likewise, export ventures with high versus low degree of internationalization achieved 8.9% greater cost advantage and 3% greater differentiation advantage. In addition, ventures in low versus highly dynamic export markets had 4% better cost advantage and achieved 11.4% better differentiation advantage.

Implications for Theory

Our study offers three major implications for understanding organizations' strategic goal accomplishment. First, we identify weaknesses in architectural capabilities as a key cause of

export ventures' inability to realize strategic goals in export markets. Empirically, we show that ventures with stronger architectural capabilities are better able to realize their intended strategic objectives. This offers new insights into how architectural capabilities contribute to business performance. Theoretically, capabilities impact performance by allowing firms to conceive of and execute value-creating strategies in pursuit of desired strategic goals. Yet, empirical research on capabilities has focused on its direct effect on performance outcomes. Our results indicate that the performance benefits of architectural capabilities in export ventures can be traced to their impact on the venture's ability to plan and execute export strategy decisions in ways that allow planned strategic position goals to be achieved. This reveals a theoretically interesting new mechanism by which capabilities contribute to performance outcomes.

Second, we contribute to international marketing and business knowledge concerning the value of internationalization and the mechanism by which it may be created. In the literature, internationalization has been primarily examined across all types of international firms, typically assuming that exporting is the first stage of internationalization (with multinationals that exhibit global market coverage being the final stage). Here, we show that a firm's degree of export development (i.e., internationalization within the exporting domain) plays a key role in enabling export ventures to close the gap between intended and realized positional advantages. Thus, we show that such "within stage" internationalization adds value for firms' export ventures and also identify a new path by which such international exposure and experience can be linked to firm performance—by better enabling the firm's export ventures to realize their strategic goals. These findings suggest both the existence and nature of knowledge-based economies of scope in firm's exporting operations.

Third, the literature posits that the translation of strategic objectives into well-aligned plans and realized resource deployments requires that firms adjust their goals and strategies

to the varying environmental conditions that they face (Luo & Park 2001; Morgan 2012). We show that firms face greater difficulty in realizing intended export venture strategic objectives as dynamism increases in the target export market. Our differing findings regarding market dynamism versus competitive intensity indicate that marketplace unpredictability is likely the key environmental driver of export venture's problems in accomplishing strategic objectives.

Implications for Practice

First, although the literature recognizes that organizations' strategic goals are frequently not fully realized, the scant attention to the questions of "so what?" and "why?" in prior studies provides little or no guidance for managers. Our results clearly show that managers should be concerned about any failures to achieve strategic goals as they significantly reduce financial performance. In addition, we show that in their efforts to enhance strategic goal realization in export markets, managers should seek to build and strengthen their organizations' architectural capabilities. In doing so, investments and improvement efforts should cover both planning and implementation capabilities. The literature suggests that such efforts could usefully focus on supporting projects aimed to (1) benchmark these capabilities across businesses to identify "best practices" (Vorhies & Morgan 2005), (2) codify such practices to lower barriers to their transfer among the firm's different export ventures (Szulanski 1996), and (3) train and develop employees to enhance the individual-level skills brought together by the routines underpinning firms' architectural capabilities (Day 1994).

Second, our results suggest that firms involved in exporting may benefit by expanding the scope of their exporting operations. Such increased internationalization allows the accumulation of experiential knowledge of export operations and export markets served. This enhances the firm's ability to realize intended strategic objectives in individual export ventures. In addition to engaging more in export activities, because experiential knowledge is often tacit and thus difficult to codify and communicate, managers should also strive to

ensure that knowledge of international operations at the firm level is stored, processed, and dispersed across all of its export ventures. This will help maximize the value of the firm's export knowledge by helping each of its export ventures to better accomplish their strategic objectives and thereby enhance financial performance.

Third, our results showing that strategic goals are harder to achieve in dynamic export markets suggest that market dynamism may be a useful criterion for managers in selecting which export markets to target. While managers often view marketplace change as presenting new opportunities, in the context of export ventures our results suggest that the associated uncertainty makes it harder for strategic objectives to be realized. The difficulties of operating in such markets may well outweigh the opportunity benefits they may seemingly present. Alternatively, for ventures already operating in volatile export markets, managers may need to explore additional or even alternative ways to deal with unpredictability. While planning and implementation capabilities and internationalization may still be valuable in such environments⁸, the overall strength of the strategic goals-to-realized strategic position relationship is significantly weaker in highly dynamic export markets. Managers may therefore wish to seek alternative (e.g., improvisation) or additional (e.g., enhanced agility) approaches to achieving desired strategic goals in such markets.

This study also has important implications for policy-makers. Analysts have advocated that to narrow trade deficits, policy-makers should not only focus on traditional approaches geared mainly to promote export initiation (Wall Street Journal 2012), but also support the continuation and improvement of exporter activities and performance (e.g., The Economist 2010; Financial Times 2012). Our results suggest that in doing so policy-makers need to help exporters strengthen their architectural capabilities. For example, forming benchmarking consortia and facilitating inter-firm architectural capability benchmarking studies may aid the

⁸ A simple post-hoc split group analysis confirms that this is the case in our sample.

building of such capabilities. Creating dissemination mechanisms and knowledge-based development and training programs regarding best practices for export planning and implementation capabilities would also be a useful way to boost exporter performance. In addition, our findings regarding the role of internationalization within firms' exporting domain in enabling export venture goal realization and performance highlights the value of working with existing exporters to expand the scope of their exporting operations.

Limitations and Further Research

Two particular limitations of our study result from trade-off decisions required in research of this type. First, while we carefully followed methodological guidelines for locating appropriate informants, ensuring key informant knowledgeability, guaranteeing anonymity, and designing our survey to maximize respondent objectivity, the potential still exists for informant bias in our data. Second, our study is limited to export ventures, for which there are no publicly available secondary data, limiting the ability to use such data for control purposes. In addition, by focusing on the moderating effects of architectural capabilities, internationalization, and export market characteristics on firms' ability to translate desired strategic goals into subsequent strategic positions, we were logistically limited in the number of controls we could collect data on through our questionnaire. Although obtaining data from secondary sources or multiple informants would be ideal, this is not possible in our export venture context. However, future research in other contexts could employ multi-informant primary data collection and secondary data-based research designs. This would also allow the external validity of our findings to be assessed. For example, research could assess the generalizability of our findings across different market environments (e.g., simple vs. complex, domestic vs. international) and industry settings.

Several avenues for new research also arise from our study. First, our results showing the contingent value of internationalization suggest that there are economies of scope in

export operations that become realized through experiential knowledge that enhances the achievement of export venture strategic goals. However, we do not directly observe the mechanism by which this accomplished and future research should focus on exploring this. For example, to what extent is knowledge and experience associated with internationalization tacit vs. explicit? If it is mainly tacit, how can firms best disseminate such knowledge to better leverage it? For example, can rotating managers through different export ventures help leverage internationalization? In addition, we explore internationalization only within the exporting realm. Are similar strategic goal realization benefits also evident within other realms such as international joint ventures or foreign subsidiaries?

Second, our results support the direct and contingent value of strategic goal-setting in achieving desired strategic positions. Although the management literature has long posited the value of such strategic goals, limited understanding exists of the mechanisms by which such goals may contribute to firm performance. In contrast, the literature on individual goal-setting and its outcomes in psychology is well developed (see Locke & Latham 2002; Payne et al. 2007). Our findings suggest that strategic goals are more valuable when organizations possess stronger architectural capabilities, have higher levels of internationalization, and operate in less dynamic environments. However, we only examine the extent to which export ventures have clear strategic goals regarding desired strategic positions. What other goal criteria are important? For example, what is the effect of different levels of goal aspirations on subsequent strategic behavior? Are there inflection points beyond which goal aspiration levels become de-motivating and counter-productive? These are theoretically and managerially important questions that could serve to further illuminate how firms' strategic goal setting contributes to their strategic behaviors and performance.

REFERENCES

- Aaker, D. (2013). *Strategic Market Management*. 10th Ed., New York: Wiley.
- Anderson, S. W., Dekker, H. C., & Sedatole, K. L. (2010). An empirical examination of goals and performance-to-goal following the introduction of an incentive bonus plan with participative goal setting. *Management Science*, 56(1), 90-109.
- Angulo-Ruiz, F., Donthu, N., Prior, D., & Rialp, J. (2014). The financial contribution of customer-oriented marketing capability. *Journal of the Academy of Marketing Science*, 42(4), 380-399.
- Arnold, T. J., Fang, E. E., & Palmatier, R. W. (2011). The effects of customer acquisition and retention orientations on a firm's radical and incremental innovation performance. *Journal of the Academy of Marketing Science*, 39(2), 234-251.
- Audia, P. G., & Greve, H. R. (2006). Less likely to fail: Low performance, firm size, and factor expansion in the shipbuilding industry. *Management Science*, 52(1), 83-94.
- Auh, S., & Menguc, B. (2005). Balancing exploration and exploitation: The moderating role of competitive intensity. *Journal of Business Research*, 58(12), 1652-1661.
- Bagozzi, R. P., & Yi, Y. (2012). Specification, evaluation, and interpretation of structural equation models. *Journal of the Academy of Marketing Science*, 40(1), 8-34.
- Baum, J. R., & Locke, E. A. (2004). The relationship of entrepreneurial traits, skill, and motivation to subsequent venture growth. *Journal of Applied Psychology*, 89(4), 587-598.
- Bharadwaj, S. G., Varadarajan, R. P., & Fahy, J. (1993). Sustainable competitive advantage in service industries: A conceptual model and research propositions. *Journal of Marketing*, 57(4), 83-99.
- Blalock, G., & Simon, D. H. (2009). Do all firms benefit equally from downstream FDI? The moderating effect of local suppliers' capabilities on productivity gains. *Journal of International Business Studies*, 40(7), 1095-1112.
- Blocker, C. P., Flint, D. J., Myers, M. B., & Slater, S. F. (2011). Proactive customer orientation and its role for creating customer value in global markets. *Journal of the Academy of Marketing Science*, 39(2), 216-233.
- Bourgeois, L. J. (1980). Strategy and environment: A conceptual integration. *Academy of Management Review*, 5(1), 25-39.
- Cadogan, J. W., Cui, C. C., & Kwok Yeung Li, E. (2003). Export market-oriented behavior and export performance: The moderating roles of competitive intensity and technological turbulence. *International Marketing Review*, 20(5), 493-513.
- 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.
- Campbell-Hunt, C. (2000). What have we learned about generic competitive strategy? A meta-analysis. *Strategic Management Journal*, 21(2), 127-154.
- Cavusgil, S. T., & Zou, S. (1994). Marketing-strategy performance relationship: An investigation of the empirical link in export market ventures. *Journal of Marketing*, 58(1), 1-21.

- Chen, X., Chen, A. X., & Zhou, K. Z. (2014). Strategic orientation, foreign parent control, and differentiation capability building of international joint ventures in an emerging market. *Journal of International Marketing*, 22(3), 30-49.
- Danneels, E. (2002). The dynamics of product innovation and firm competencies. *Strategic Management Journal*, 21(12), 1095-1121.
- Day, G. S. (1994). The capabilities of market-driven organizations. *Journal of Marketing*, 58(4), 37-51.
- Day, G. S. (2011). Closing the marketing capabilities gap. *Journal of Marketing*, 75(4), 183-195.
- Day, G. S., & Nedungadi, P. (1994). Managerial representations of competitive advantage. *Journal of Marketing*, 58(2), 31-44.
- Dholakia, U. M., Bagozzi, R. P., & Gopinath, M. (2007). How formulating implementation plans and remembering past actions facilitate the enactment of effortful decisions. *Journal of Behavioral Decision Making*, 20(4), 343-364.
- Dimitras, A. I., Zanakis, S. H., & Zopounidis, C. (1996). A survey of business failure with an emphasis on prediction methods and industrial applications. *European Journal of Operational Research*, 90(3), 487-513.
- Dobni, C., & Luffman, G. (2003). Determining the scope and impact of market orientation profiles on strategy implementation and performance. *Strategic Management Journal*, 24(6), 577-585.
- Doty, D. H., Glick, W. H., & Huber, G. P. (1993). Fit, equifinality, and organizational effectiveness: A test of two configurational theories. *Academy of Management Journal*, 30(6), 1196-1250.
- Drnevich, P. L., & Kriauciunas, A. P. (2011). Clarifying the conditions and limits of the contributions of ordinary and dynamic capabilities to relative firm performance. *Strategic Management Journal*, 32(3), 254-279
- Eisend, M., Evanschitzky, H., & Calantone, R. J. (2016). The relative advantage of marketing over technological capabilities in influencing new product performance: The moderating role of country institutions. *Journal of International Marketing*, 24(1), 41-56.
- Eriksson, K., Johanson, J., Majkgard, A., & Sharma, D. D. (1997). Experiential knowledge and cost in the internationalization process. *Journal of International Business Studies*, 28(2), 337-360.
- Fang, E. E., & Zou, S. (2009). Antecedents and consequences of marketing dynamic capabilities in international joint ventures. *Journal of International Business Studies*, 40(5), 742-761.
- Fang, E., Palmatier, R. W., & Grewal, R. (2011). Effects of customer and innovation asset configuration strategies on firm performance. *Journal of Marketing Research*, 48(3), 587-602.
- Fang, Y., Wade, M., Delios, A., & Beamish, P. W. (2007). International diversification, subsidiary performance, and the mobility of knowledge resources. *Strategic Management Journal*, 28(10), 1053-1064.
- Feigenbaum, A., Hart, S., & Schendel, D. (1996). Strategic reference point theory. *Strategic Management Journal*, 17(3), 219-235.

- Feng, H., Morgan, N. A., & Rego, L. L. (2017). Firm capabilities and growth: The moderating role of market conditions. *Journal of the Academy of Marketing Science*, 45(1), 76-92.
- Financial Times, (2012). Britain in need of an export booster. October 23, www.ft.com/intl/cms/s/2/76f4b834-177a-11e2-8cbe-00144feabdc0.html#axzz2GAwiz5MH.
- Fornell, C., & Larcker, D. F. (1981). Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18(1), 39-50.
- Gatignon, H., & Xuereb, J. M. (1997). Strategic orientation of the firm and new product performance. *Journal of Marketing Research*, 34(1), 77-90.
- Gerbing, D. W., & Anderson, J. C. (1988). An updated paradigm for scale development incorporating unidimensionality and its assessment. *Journal of Marketing Research*, 25(2), 186-192.
- Goold, M., & Quinn, J. J. (1990). The paradox of strategic controls. *Strategic Management Journal*, 11(1), 43-57.
- Grant, R. M. (1996). Prospering in dynamically-competitive environments: Organizational capability as knowledge integration. *Organization Science*, 7(4), 375-387.
- Greve, H. R. (2008). A behavioral theory of firm growth: Sequential attention to size and performance goals. *Academy of Management Journal*, 51(3), 476-494.
- Grewal, R., Chandrashekar, M., Johnson, J. L., & Mallapragada, G. (2013). Environments, unobserved heterogeneity, and the effect of market orientation on outcomes for high-tech firms. *Journal of the Academy of Marketing Science*, 41(2), 206-233.
- Hambrick, D. C. (2007). Upper echelons theory: An update. *Academy of Management Review*, 32(2), 334-343.
- Henderson, R., & Cockburn, I. (1994). Measuring competence? Exploring firm effects in pharmaceutical research. *Strategic Management Journal*, 15(S1), 63-84.
- Henri, J. F. (2006). Management control systems and strategy: A resource-based perspective. *Accounting, Organizations and Society*, 31(6), 529-558.
- Hofer, C. W., & Schendel, D. E. (1978). *Strategy formulation: Analysis and concepts*. St. Paul, MN: West Publishing.
- Jaworski, B. J., & Kohli, A. K. (1993). Market orientation: Antecedents and consequences. *Journal of Marketing*, 57(3), 53-70.
- Jin, J. L., Zhou, K. Z., & Wang, Y. (2016). Exploitation and exploration in international joint ventures: Moderating effects of partner control imbalance and product similarity. *Journal of International Marketing*, 24(4), 20-38.
- Johanson, J., & Vahlne, J-E. (2009). The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership. *Journal of International Business Studies*, 40(9), 1411-1431.
- Ju, M., Zhou, K. Z., Gao, G. Y., & Lu, J. (2013). Technological capability growth and performance outcome: Foreign versus local firms in China. *Journal of International Marketing*, 21(2), 1-16.
- Kaplan, R. S., & Norton, D. P. (1995). Putting the balanced scorecard to work. In C. E. Schneier, D. G. Shaw, R. W. Beatty, & L. S. Baird (Ed.) *Performance measurement, management, and appraisal sourcebook* (pp. 66-74). Amherst, MA: HRD Press.

- Kaplan, R. S., & Norton, D. P. (2000). Having trouble with your strategy? Then map it. *Harvard Business Review*, 78(5), 167-176.
- Kirca, A. H., Jayachandran, S., & Bearden, W. O. (2005). Market orientation: A meta-analytic review and assessment of its antecedents and impact on performance. *Journal of Marketing*, 69(2), 24-41.
- Knight, G. A., & Kim, D. (2009). International business competence and the contemporary firm. *Journal of International Business Studies*, 40(2), 255-273.
- Kozlenkova, I. V., Samaha, S. A., & Palmatier, R. W. (2014). Resource-based theory in marketing. *Journal of the Academy of Marketing Science*, 42(1), 1-21.
- Krush, M. T., Sohi, R. S., & Saini, A. (2015). Dispersion of marketing capabilities: Impact on marketing's influence and business unit outcomes. *Journal of the Academy of Marketing Science*, 43(1), 32-51.
- Kumar, N., Stern, L. W., & Anderson, J. C. (1993). Conducting interorganizational research using key informants. *Academy of Management Journal*, 36(6), 1633-1651.
- Kumar, V., Jones, E., Venkatesan, R., & Leone, R. P. (2011). Is market orientation a source of sustainable competitive advantage or simply the cost of competing? *Journal of Marketing*, 75(1), 16-30.
- Lawrence, P. R., & Lorsch, J. W. (1967). Differentiation and integration in complex organizations. *Administrative Science Quarterly*, 12(1), 1-47.
- Lee, J. Y., Kozlenkova, I. V., & Palmatier, R. W. (2015). Structural marketing: Using organizational structure to achieve marketing objectives. *Journal of the Academy of Marketing Science*, 43(1), 73-99.
- Leonidou, L. C., & Katsikeas, C. S. (1996). The export development process: An integrative review of empirical models. *Journal of International Business Studies*, 27(3), 517-551.
- Levitt, B., & March, J. G. (1988). Organizational learning. *Annual Review of Sociology*, 14, 319-340.
- Lewin, A., & Minton, J. (1986). Determining Organizational Effectiveness: Another Look, and an Agenda for Research. *Management Science*, 32(5), 514-538.
- Li, J., & Guisinger, S. (1991). Comparative business failures of foreign-controlled firms in the United States. *Journal of International Business Studies*, 22(2), 209-224.
- Locke, E. A., & Latham, G. P. (2002). Building a practically useful theory of goal setting and task motivation: A 35-year odyssey. *American Psychologist*, 57(9), 705-717.
- Lovas, B. & Ghoshal, S. (2000). Strategy as guided evolution. *Strategic Management Journal*, 21(9), 875-896.
- Lu, J. W., & Beamish, P. W. (2001). The internationalization and performance of SMEs. *Strategic Management Journal*, 22(3), 265-286.
- Lu, J. W., & Beamish, P. W. (2006). Partnering strategies and performance of SMEs' international joint ventures. *Journal of Business Venturing*, 21(4), 461-486.
- Lu, Y., Zhou, L., Bruton, G., & Li, W. (2010). Capabilities as a mediator linking resources and the international performance of entrepreneurial firms in an emerging economy. *Journal of International Business Studies*, 41(3), 419-436.

- March, J. G. (1991). Exploration and exploitation in organizational learning. *Organization Science*, 2(1), 71-87.
- Marginson, D. E. (2002). Management control systems and their effects on strategy formation at middle-management levels: Evidence from a UK organization. *Strategic Management Journal*, 23(11), 1019-1031.
- Menguc, B., Auh, S., & Shih, E. (2007). Transformational leadership and market orientation: Implications for the implementation of competitive strategies and business unit performance. *Journal of Business Research*, 60(4), 314-321.
- Miller, D., & Friesen, P. H. (1983). Strategy-making and environment: The third link. *Strategic Management Journal*, 4(3), 221-235.
- Miller, S. (1997). Implementing strategic decisions – four key success factors. *Organization Studies*, 18(4), 577-602.
- Mintzberg, H., & Waters, J. A. (1985). Of strategies, deliberate and emergent. *Strategic Management Journal*, 6(3), 257-272.
- Morgan, N. A. (2012). Marketing and business performance. *Journal of the Academy of Marketing Science*, 40(1), 102-119.
- Morgan, N. A., Kaleka, A., & Katsikeas, C. S. (2004). Antecedents of export venture performance: A theoretical model and empirical assessment. *Journal of Marketing*, 68(1), 90-108.
- Morgan, N. A., Katsikeas, C. S., & Vorhies, D. W. (2012). Export marketing strategy implementation, export marketing capabilities, and export venture performance. *Journal of the Academy of Marketing Science*, 40(2), 271-289.
- Morgan, N. A., Vorhies, D. W., & Mason, C. H. (2009). Market orientation, marketing capabilities, and firm performance. *Strategic Management Journal*, 30(8), 909-920.
- Morgan, N. A., Zou, S., Vorhies, D. W., & Katsikeas, C. S. (2003). Experiential and informational knowledge, architectural marketing capabilities, and the adaptive performance of export ventures. *Decision Sciences*, 34(2), 287-321.
- Murray, J. Y., Gao, G. Y., & Kotabe, M. (2011). Market orientation and performance of export ventures: The process through marketing capabilities and competitive advantages. *Journal of the Academy of Marketing Science*, 39(2), 252-269.
- Myers, M. B. (1999). Incidents of gray market activity among US exporters: Occurrences, characteristics, and consequences. *Journal of International Business Studies*, 30(1), 105-126.
- Nadler, D., Tushman, M., & Nadler, M. B. (1997). *Competing by design: The power of organizational architecture*. Oxford University Press.
- Narasimhan, R., & Jayaram, J. (1998). An empirical investigation of the antecedents and consequences of manufacturing goal achievement in North American, European and Pan Pacific firms. *Journal of Operations Management*, 16(2-3), 159-176.
- Nemkova, E., Souchon, A. L., Hughes, P. & Micevski, M. (2015). Does improvisation help or hinder planning in determining export success? Decision theory applied to exporting. *Journal of International Marketing*, 23(3), 41-65.
- Noble, C. H., & Mokwa, P. (1999). Implementing marketing strategies: Developing and testing a managerial theory. *Journal of Marketing*, 63(4), 57-73.

- Nutt, P. C. (1999). Surprising but true: Half the decisions in organizations fail. *Academy of Management Executive*, 13(4), 75-89.
- Payne, S. C., Youngcourt, S. S., & Beaubien, J. M. (2007). A meta-analytic examination of the goal orientation nomological net. *Journal of Applied Psychology*, 92(1), 128-150.
- Podsakoff, P., MacKenzie S., & Podsakoff, N. (2012). Sources in method bias in social science research and recommendations for how to control it. *Annual Review of Psychology*, 63, 539-569.
- Porter, M. (1996). What is strategy? *Harvard Business Review*, 74(6), 61-78.
- Qi, Y., Zhao, X., & Sheu, C. (2011). The impact of competitive strategy and supply chain strategy on business performance: The role of environmental uncertainty. *Decision Sciences*, 42(2), 371-389.
- Ramaswami, S. N., Srivastava, R. K., & Bhargava, M. (2009). Market-based capabilities and financial performance of firms: Insights into marketing's contribution to firm value. *Journal of the Academy of Marketing Science*, 37(2), 97-116.
- Ren, H., Gray, B., & Kim, K. (2009). Performance of international joint ventures: What factors really make a difference and how? *Journal of Management*, 35(3), 805-832.
- Rindfleisch, A., Malter, A. J., Ganesan, S., & Moorman, C. (2008). Cross-sectional versus longitudinal survey research: concepts, findings, and guidelines. *Journal of Marketing Research*, 45(3), 261-279.
- Salomon, R., & Jin, B. (2010). Do leading or lagging firms learn more from exporting? *Strategic Management Journal*, 31(9), 913-933.
- Sheng, M. L., Hartmann, N. N., Chen, Q., & Chen, I. (2015). The synergetic effect of multinational corporation management's social cognitive capability on tacit-knowledge management: Product innovation ability insights from Asia. *Journal of International Marketing*, 23(2), 94-110.
- Shi, L. H., & Gao, T. (2016). Performance effects of global account coordination mechanisms: An integrative study of boundary conditions. *Journal of International Marketing*, 24(2), 1-21.
- Shinkle, G. A. (2012). Organizational aspirations, reference points, and goals. *Journal of Management*, 38(1), 415-455.
- Simons, R. (1991). Strategic orientation and top management attention to control systems. *Strategic Management Journal*, 12(1), 49-62.
- Song, M., Di Benedetto, C. A., & Nason, R. W. (2007). Capabilities and financial performance: The moderating effect of strategic type. *Journal of the Academy of Marketing Science*, 35(1), 18-34.
- Spanos, Y. E., & Lioukas, S. (2001). An examination into the causal logic of rent generation: Contrasting Porter's competitive strategy framework and the resource-based perspective. *Strategic Management Journal*, 22(10), 907-934.
- Szulanski, G. (1996). Exploring internal stickiness: Impediments to the transfer of best practice within the firm. *Strategic Management Journal*, 17(SI2), 27-43.
- Tallman, S., & Li, J. (1996). Effects of international diversity and product diversity on the performance of multinational firms. *Academy of Management Journal*, 39(1), 179-196.

- Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. *Strategic Management Journal*, 18(7), 509-535.
- The Economist, (2010). Export or die. March 31, www.economist.com/node/15793128.
- The Economist, (2011). Global business failures. September 10, www.economist.com/node/21528645.
- The Economist, (2016). A giant problem. September 17, <http://www.economist.com/node/21707210>
- Tushman, M. L., & Nadler, D. A. (1978). Information processing as an integrating concept in organizational design. *Academy of Management Review*, 3(3), 613-624.
- Voorhees, C. M., Brady, M. K., Calantone, R., & Ramirez, E. (2016). Discriminant validity testing in marketing: An analysis, causes for concern, and proposed remedies. *Journal of the Academy of Marketing Science*, 44(1), 119-134.
- Vorhies, D. W., & Morgan, N. A. (2005). Benchmarking marketing capabilities for sustainable competitive advantage. *Journal of Marketing*, 69(1), 80-94.
- Vorhies, D. W., Morgan, R. E., & Autry, C. W. (2009). Product-market strategy and the marketing capabilities of the firm: impact on market effectiveness and cash flow performance. *Strategic Management Journal*, 30(12), 1310-1334.
- Vorhies, D. W., Orr, L. M., & Bush, V. D. (2011). Improving customer-focused marketing capabilities and firm financial performance via marketing exploration and exploitation. *Journal of the Academy of Marketing Science*, 39(5), 736-756.
- Voss, G. B., & Voss, Z. G. (2008). Competitive density and the customer acquisition-retention trade-off. *Journal of Marketing*, 72(6), 3-18.
- Wall Street Journal, (2012). Teaching Americans to export. October 29, online.wsj.com/article/SB10001424052970203937004578077133738500540.html.
- Weerawardena, J., Mort, G. S., Salunke, S., Knight, G., & Liesch, P. W. (2015). The role of the market sub-system and the socio-technical sub-system in innovation and firm performance: A dynamic capabilities approach. *Journal of the Academy of Marketing Science*, 43(2), 221-239.
- Wiklund, J., & Shepherd, D. (2003). Knowledge-based resources, entrepreneurial orientation, and the performance of SME businesses. *Strategic Management Journal*, 24(13), 1307-1314.
- Wilden, R., & Gudergan, S. P. (2015). The impact of dynamic capabilities on operational marketing and technological capabilities: Investigating the role of environmental turbulence. *Journal of the Academy of Marketing Science*, 43(2), 181-199.
- Yalcinkaya, G., Calantone, R. J., & Griffith, D. A. (2007). An examination of exploration and exploitation capabilities: Implications for product innovation and market performance. *Journal of International Marketing*, 15(4), 63-93.
- Yang, Z., Su, C., & Fam, K. S. (2012). Dealing with institutional distances in international marketing channels: Governance strategies that engender legitimacy and efficiency. *Journal of Marketing*, 76(3), 41-55.
- Zaheer, A., & Bell, G. G. (2005). Benefiting from network position: firm capabilities, structural holes, and performance. *Strategic Management Journal*, 26(9), 809-825.
- Zellner, A. (1962). An efficient method of estimating seemingly unrelated regressions and tests for aggregation bias. *Journal of the American Statistical Association*, 57(298), 348-368.

Zhou, K. Z., Li, J. J., Sheng, S., & Shao, A. T. (2014). The evolving role of managerial ties and firm capabilities in an emerging economy: evidence from China. *Journal of the Academy of Marketing Science*, 42(6), 581-595.

Zhou, L., Barnes, B. R., & Lu, Y. (2010). Entrepreneurial proclivity, capability upgrading and performance advantage of newness among international new ventures. *Journal of International Business Studies*, 41(5), 882-905.

Zhou, L., Wu, A., & Barnes, B. R. (2012). The effects of early internationalization on performance outcomes in young international ventures: The mediating role of marketing capabilities. *Journal of International Marketing*, 20(4), 25-45.

Zou, S., & Cavusgil, S. T. (2002). The GMS: A broad conceptualization of global marketing strategy and its effect on firm performance. *Journal of Marketing*, 66(4), 40-56.

TABLE 1 Representative literature review

Study	Context	Internal Factors	External Factors	Performance-Enhancing Mechanism
Blalock & Simon (2009)	International	Production capabilities, absorptive capacity, and complementary capabilities	Within-industry FDI	Weakening (production capabilities) and strengthening (absorptive capacity and complementary capabilities) the positive effect of FDI on firm productivity
Blocker et al. (2011)	International	Proactive and responsive customer orientation, quality, service support, and personal interaction capabilities	Controls (annual customer spend, governmental, regulatory, and political country factor)	Direct and interaction (proactive × responsive customer orientation) effects on customer value
Chen et al. (2014)	International	Differentiation capability	Controls (product category, cultural distance)	Direct effects on IJV performance
Fang & Zou (2009)	International	Marketing dynamic capabilities	Market dynamism, controls (cultural distance)	Direct effects on competitive advantage and performance, market dynamism as moderator
Ju et al. (2013)	International	Technological capability	Industrial uncertainty, controls (industry growth rate and concentration)	Direct and interaction effects on performance returns
Knight & Kim (2009)	International	International business competence	-	Direct effects on international performance
Morgan et al. (2012)	International	Architectural and specialized marketing capabilities	Controls (business type, target export market)	Direct effects on strategy implementation effectiveness
Murray et al. (2011)	International	Marketing capabilities	Market turbulence, competitive intensity (moderators in the MO-capabilities link)	Direct and interaction effects on competitive advantage and product and strategic performance
Yalcinkaya et al. (2007)	International	Exploitation and exploration capabilities	-	Direct effects on product innovation and market performance
Weerawardena et al. (2015)	International	Internal learning, network learning, marketing, and market learning capabilities	-	Direct effects on innovation performance and early internationalization
Zhou et al. (2010)	International	Network and knowledge capability upgrading	Controls (technology dynamics, market uncertainty)	Direct and interaction effects of newness on international performance
Zhou et al. (2012)	International	Marketing capabilities	International market type (developed vs. emerging market), control (industry)	Direct effects and international market type moderator on international growth
Angulo-Ruiz et al. (2014)	Domestic	Customer-oriented marketing capability	Control (industry concentration and category)	Direct effects on financial performance

Grewal et al. (2013)	Domestic	Market orientation	Technological turbulence and market dynamism	Direct and interaction effects on firm and new product performance
Drnevich & Kriauciunas (2011)	Domestic	Ordinary and dynamic capabilities and capability heterogeneity	Environmental dynamism and controls (industry, extent of change, and business group)	Direct and interaction effects on firm performance
Krush et al. (2015)	Domestic	Marketing capability (inter- and intra-organizational) dispersion and customer responsiveness	-	Enhances marketing's influence and customer responsiveness, which in turn enhance marketing strategy implementation success, relationship portfolio effectiveness, and business unit performance
Kumar et al. (2011)	Domestic	Market orientation	Market and technological turbulence, competitive intensity and controls (industry growth rate and category, GDP)	Direct effect on sales and profitability and moderating effect of turbulence
Ramaswami et al. (2009)	Domestic	New product development, customer management, and supply chain management market based capabilities	Control (type of business)	Enhancing new product development, customer management, and supply chain management performance (direct and interaction effects)
Vorhies et al. (2011)	Domestic	Marketing exploitation and exploration capabilities, customer-focused marketing capabilities	Control (market type)	Enhance customer-focused capabilities (direct and interaction effects), which in turn enhance performance (direct effects)
Voss & Voss (2008)	Domestic	Customer, competitor, and supplier learning orientation	Competitive density and controls (pricing and market-level heterogeneity)	Direct effect on firm performance and moderating role of competitive density
Wilden & Gudergan (2015)	Domestic	Dynamic (sensing and reconfiguring) and operational (marketing and technological) capabilities	Market, competitor, and technological turbulence, control (industry)	Dynamic capabilities enhancing operational capabilities (direct effects and turbulence moderator), which in turn enhance performance
This Study	International	Architectural capabilities, Internationalization	Market Dynamism, Competitive Intensity	Moderating effects on strategic goal-realized strategic position gap

Table 2 Correlation matrix^a

	1	2	3	4	5	6	7	8	9	10
1 Cost goals	1.00									
2 Differentiation goals	-.03	1.00								
3 Planning capability	.11	.17	1.00							
4 Implementation capability	.12	.11	.29	1.00						
5 Degree of internationalization	-.16	-.24	-.13	-.06	1.00					
6 Market dynamism	.02	-.11	-.11	-.22	.09	1.00				
7 Competitive intensity	.10	.16	.06	.15	-.15	-.09	1.00			
8 Cost advantage	.05	.04	.08	.05	-.08	.05	.10	1.00		
9 Differentiation advantage	-.03	.09	.21	.23	-.13	-.10	.01	-.05	1.00	
10 Performance	-.06	.01	.14	.20	-.02	-.03	-.12	.26	.36	1.00

^a All correlations $> \pm .12$ are significant at the .05 level; all correlations $> \pm .16$ are significant at the .01 level.

Table 3 Results of SUR estimation

Independent variable	Cost advantage				Differentiation advantage				Performance			
	Main effects model		Full model		Main effects model		Full model		Main effects model		Full model	
	Coefficient (t-value)	Std. Err.	Coefficient (t-value)	Std. Err.	Coefficient (t-value)	Std. Err.	Coefficient (t-value)	Std. Err.	Coefficient (t-value)	Std. Err.	Coefficient (t-value)	Std. Err.
Constant	2.67 (4.48)*	.60	3.41 (6.65)*	.51	2.02 (3.67)*	.55	3.30 (6.36)*	.51	.66 (1.36)	.48	.68 (1.41)	.48
Main effects												
Cost goals (CG)	.06 (.73)	.08	.06 (.85)	.07								
Differentiation goals (DG)					.01 (.19)	.07	.15 (2.17)*	.07				
Cost advantage									.22 (4.20)*	.05	.22 (4.22)*	.05
Differentiation advantage									.27 (5.18)*	.05	.26 (4.92)*	.05
Direct links of moderators												
Planning capability (PC)			.04 (.68)	.06			.06 (1.05)	.05				
Implementation capability (IC)			.10 (1.40)	.07			.11 (1.60)	.07				
Degree of internationalization (DI)			-.04 (-.61)	.07			-.05 (-.79)	.07				
Market dynamism (MD)			.04 (.73)	.05			-.04 (-.73)	.05				
Competitive intensity (CI)			.08 (1.32)	.06			.01 (.03)	.06				
Interaction effects												
CG x PC			.15 (2.44)*	.06								
DG x PC							.16 (3.31)*	.05				
CG x IC			.20 (2.91)*	.07								
DG x IC							.24 (4.12)*	.06				
CG x DI			.17 (2.54)*	.07								
DG x DI							.15 (2.42)*	.06				
CG x MD			-.15 (-2.49)*	.06								
DG x MD							-.15 (-2.36)*	.06				
CG x CI			.03 (.46)	.07								
DG x CI							-.03 (-.60)	.05				
Control links												
PC x IC			-.04 (-.83)	.05			-.10 (-1.86)	.05				
PC x DI			-.01 (-.15)	.06			.04 (.76)	.05				
PC x MD			.03 (.46)	.06			-.09 (-1.76)	.05				
PC x CI			-.08 (-1.41)	.06			-.01 (-.14)	.05				
IC x DI			.13 (1.79)	.07			.07 (.94)	.07				
IC x MD			-.07 (-1.12)	.06			.07 (1.19)	.06				

IC x CI			.01 (.29)	.06			.10 (1.70)	.06				
DI x MD			.01 (.23)	.05			.04 (.77)	.05				
DI x CI			.11 (1.79)	.06			-.09 (-1.46)	.06				
MD x CI			.01 (.27)	.06			.04 (.64)	.06				
Industry 1	.16 (.68)	.24	.19 (.89)	.22	.27 (1.11)	.24	.19 (.92)	.21	-.05 (-.23)	.19	-.04 (-.21)	.19
Industry 2	-.27 (-1.07)	.25	-.22 (-1.00)	.23	.14 (.56)	.25	-.01 (-.01)	.22	-.13 (-.61)	.21	-.13 (-.60)	.21
Industry 3	.01 (.03)	.26	.01 (.01)	.23	.33 (1.28)	.26	.25 (1.12)	.22	-.19 (-.87)	.21	-.18 (-.85)	.21
Industry 4	-.22 (-.95)	.23	-.34 (-1.66)	.21	.42 (1.79)	.23	.34 (1.66)	.21	-.10 (-.50)	.20	-.09 (-.47)	.20
Industry 5	-.08 (-.33)	.26	-.01 (-.03)	.24	.26 (1.00)	.26	.21 (.94)	.22	-.08 (-.39)	.22	-.08 (-.37)	.22
Firm age	-.10 (-.99)	.10	-.05 (-.53)	.09	.21 (2.12)*	.10	.16 (1.89)	.09	.13 (1.53)	.08	.13 (1.57)	.08
Firm size	.16 (3.42)*	.05	.15 (3.52)*	.04	.02 (.39)	.05	-.01 (-.15)	.04	-.03 (-.61)	.04	-.03 (-.60)	.04
Market growth	-.05 (-.79)	.07	-.03 (-.55)	.06	.01 (.01)	.07	-.03 (-.45)	.06	.13 (2.27)*	.06	.13 (2.28)*	.06
Technological capabilities	.34 (5.58)*	.06	.25 (4.36)*	.06	-.02 (-.38)	.06	.02 (.33)	.05	.09 (1.71)	.05	.09 (1.70)	.05
Marketing capabilities	-.03 (-.37)	.07	-.09 (-1.21)	.07	.47 (6.30)*	.08	.25 (3.33)*	.07	.15 (2.28)*	.07	.16 (2.37)*	.07
	χ^2	47.26*	144.91*		55.88*		190.08*		89.82*		87.42*	
	R ²	.16	.36		.18		.43		.26		.26	

* p < .05

Appendix

The current goals of the export venture are to

Cost goals^a ($\alpha = .86$; mean = 4.33; sd = .91)

Invest in cost saving technology

Tightly control export venture selling and promotion expense

Emphasize export venture operating efficiency

Be the lowest cost provider in this export market

Differentiation goals^a ($\alpha = .88$; mean = 4.29; sd = 1.07)

Offer a higher-quality export venture product(s) than competitors

Emphasize building a strong brand image

Offer quick delivery and response to customer orders

Offer high levels of service quality

Please rate this export venture in comparison with its main competitors in each of the following

Planning capability^b ($\alpha = .89$; mean = 4.49; sd = 1.25)

Ability to effectively segment this export market

Export planning skills

Setting clear export venture targets

Formulating creative export venture strategies

Thoroughness of export market planning process

Implementation capability^b ($\alpha = .90$; mean = 4.27; sd = 1.05)

Allocating export market resources effectively

Organizing to deliver export market strategies effectively

Translating export market strategies into action

Executing export market strategies quickly

Monitoring the performance of export market strategies

Degree of internationalization^c (mean = 3.78; sd = 1.08)

Percentage of total sales turnover derived from exports

Number of export destination countries

Regions (number) to which the firm exports: Western Europe, Russia and Baltic countries, Asia, Eastern Europe, North America, Africa and Middle East, South/Central America

Market dynamism^a ($\alpha = .90$; mean = 3.55; sd = 1.17)

In this export market, customers' preferences change quickly over time

Market demand and consumer tastes have been unpredictable

In this export market, customers tend to look for new products and services all the time

This export market is very volatile and uncertain

Competitive intensity^a ($\alpha = .90$; mean = 4.26; sd = 1.07)

Competition in this export market is cutthroat

There are many competitive actions in this export market

Anything that one competitor can offer, others can readily match

Intense competition is a hallmark of this export market

One hears of a new competitive move in this export market almost every day

In comparison with your main competitors, how would you describe your current position in the export venture market in terms of

Cost advantage^b ($\alpha = .91$; mean = 4.25; sd = 1.19)

Unit production costs

Marketing expense

Raw material costs

Cost of goods sold

Differentiation advantage^b ($\alpha = .89$; mean = 4.83; sd = 1.21)

Product features

Brand image

On-time delivery to customers

Pre- and/or after-sales service quality

Export venture financial performance^b ($\alpha = .89$; mean = 4.51; sd = 1.06)

Return on investment

Return on sales

Export venture margins

Reaching export venture financial goals

During the last five years,

Market growth^a ($\alpha = .81$; mean = 3.96; sd = 1.06)

Customer demand has increased significantly in this export market

This export market has experienced significant sales growth

We have seen significant growth in overall sales revenue in this export market

Technological capabilities^b ($\alpha = .87$; mean = 3.85; sd = 1.17)

Manufacturing processes

Technology development capabilities

Production facilities

Marketing capabilities^b ($\alpha = .84$; mean = 4.33; sd = .96)

Knowledge of key market players (e.g., customers, competitors)

Effectiveness of advertising programs

Skills to segment and target markets

^a Anchored by 1 (“strongly disagree”) and (7 “strongly agree”).

^b Items were anchored by -3 (“much worse than competitors”) and +3 (“much better than competitors”).

^c Formative scale.

Figure 1 Research model

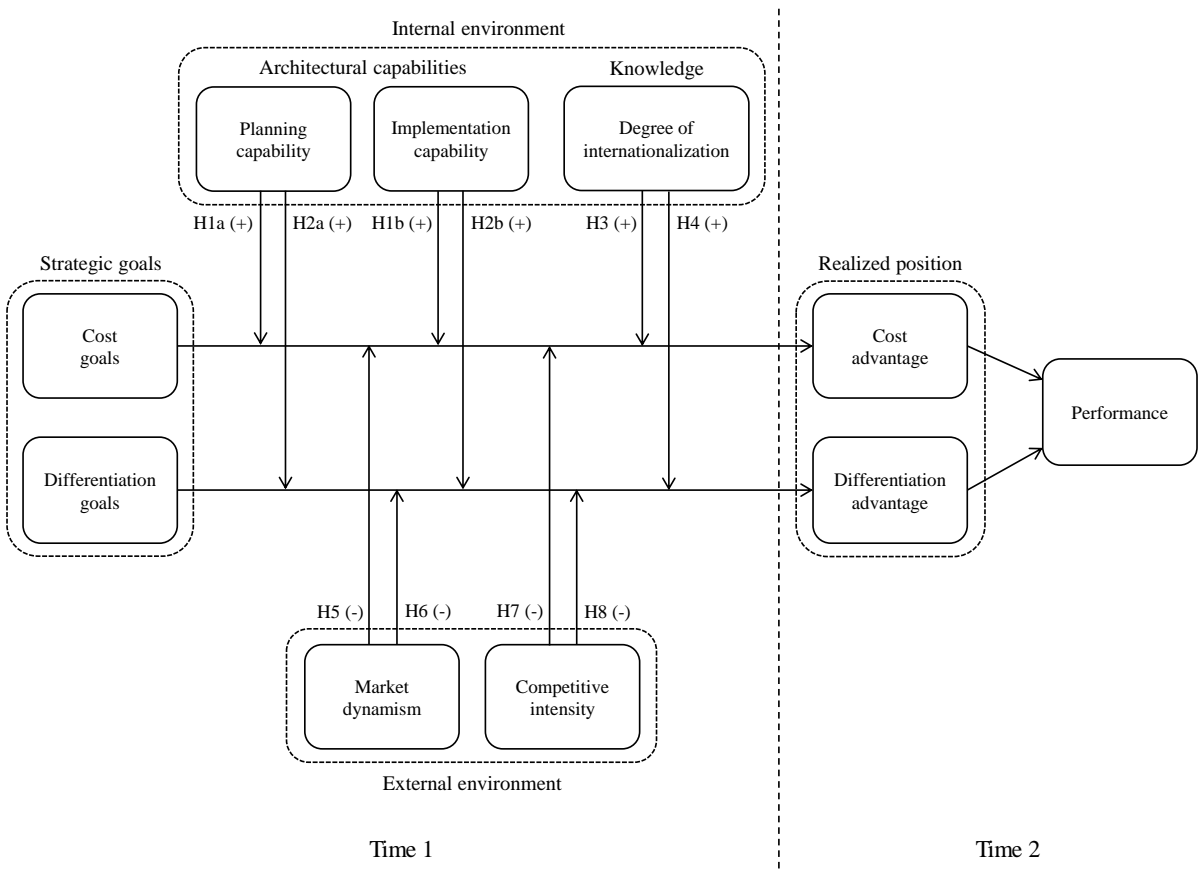


Figure 2 Impact of planning capability on the cost goals–cost advantage link

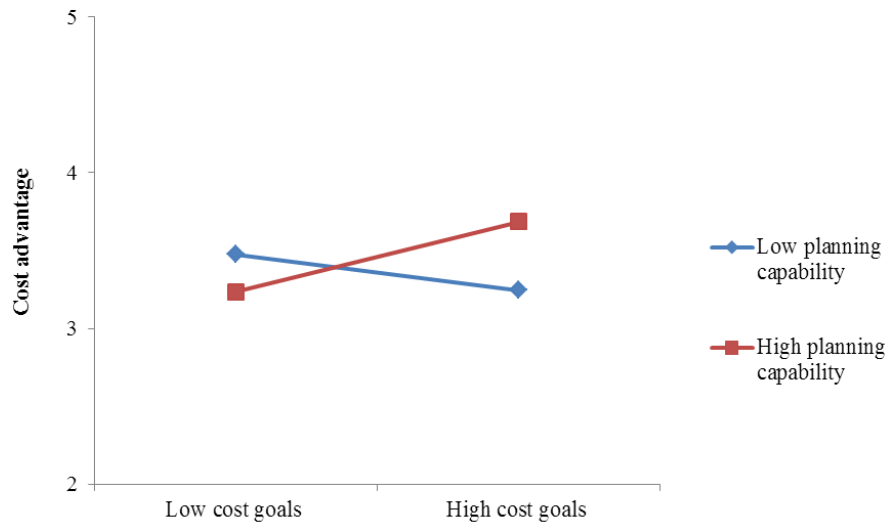


Figure 3 Impact of implementation capability on the cost goals–cost advantage link

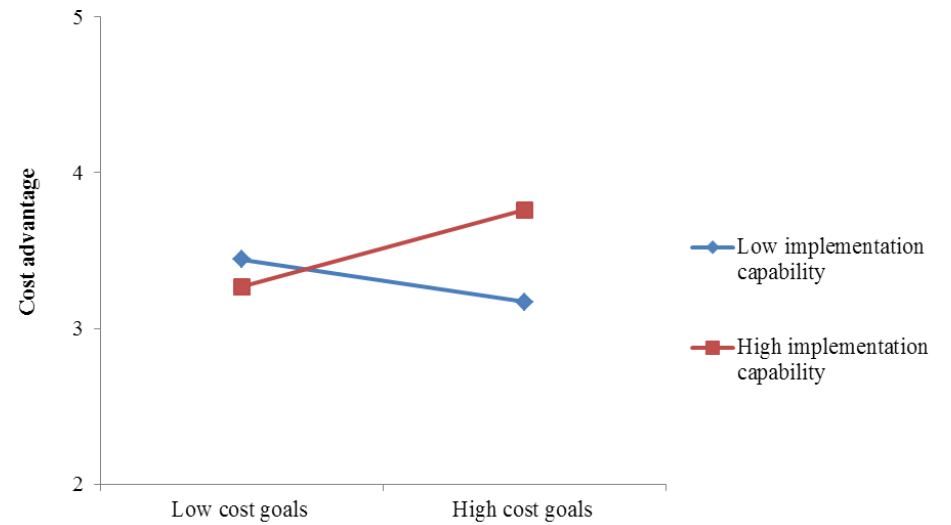


Figure 4 Impact of planning capability on the differentiation goals–differentiation advantage link

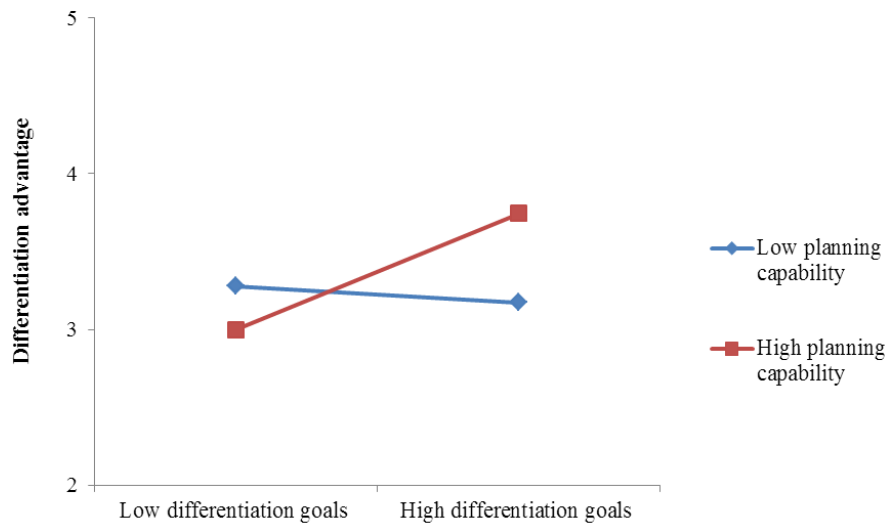


Figure 5 Impact of implementation capability on the differentiation goals–differentiation advantage link

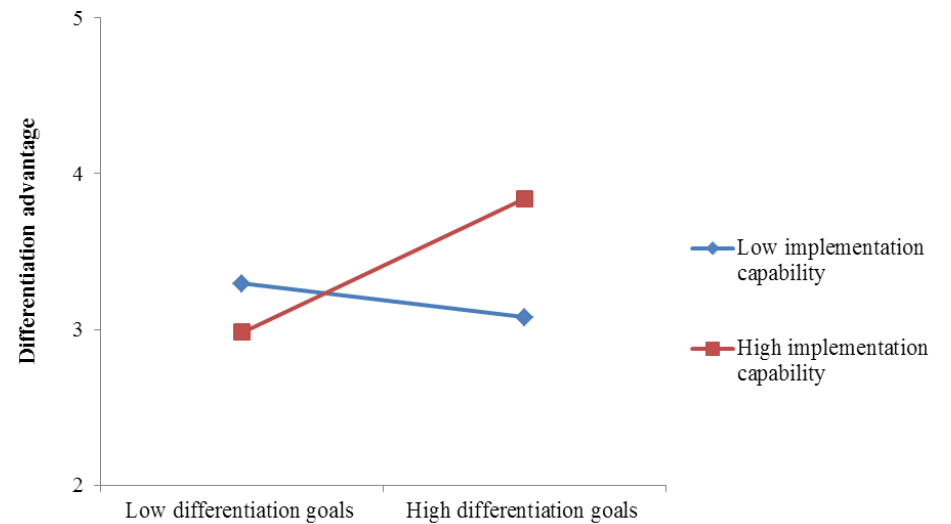


Figure 6 Impact of degree of internationalization on the cost goals–cost advantage link

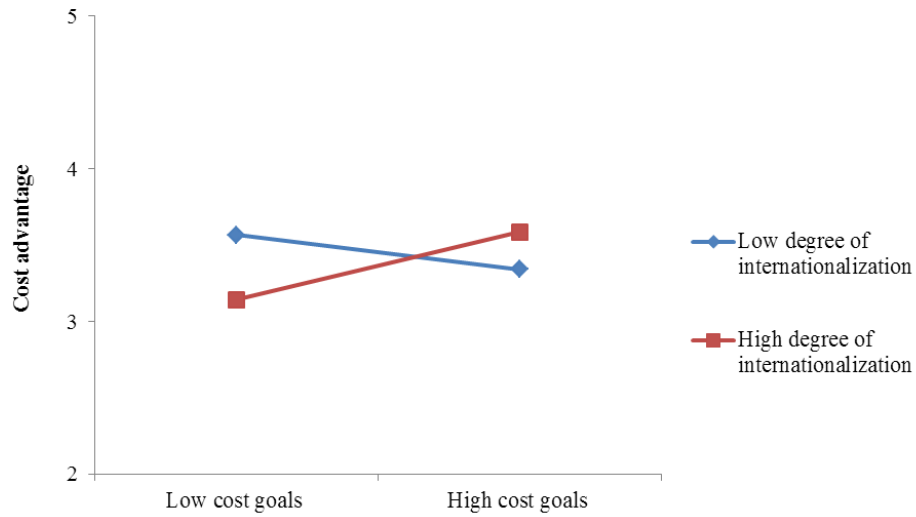


Figure 7 Impact of degree of internationalization on the differentiation goals–differentiation advantage link

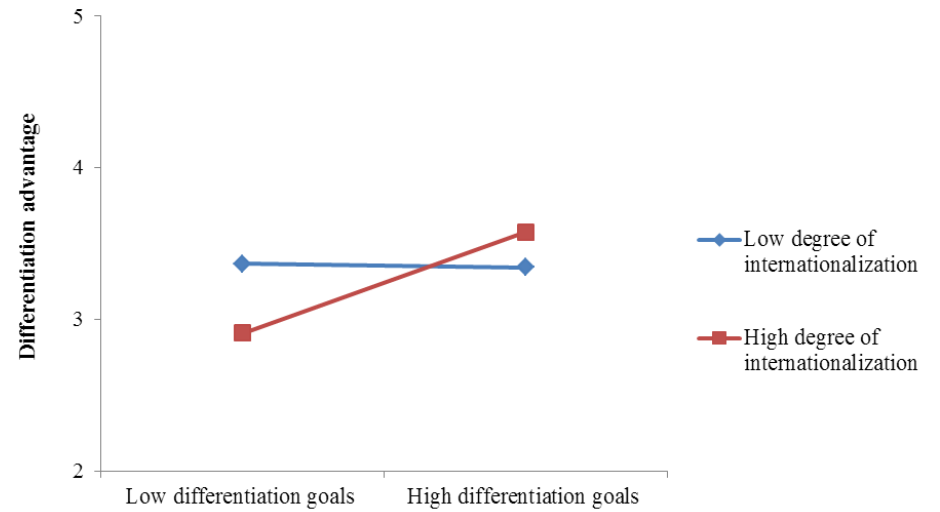


Figure 8 Impact of market dynamism on the cost goals–cost advantage link

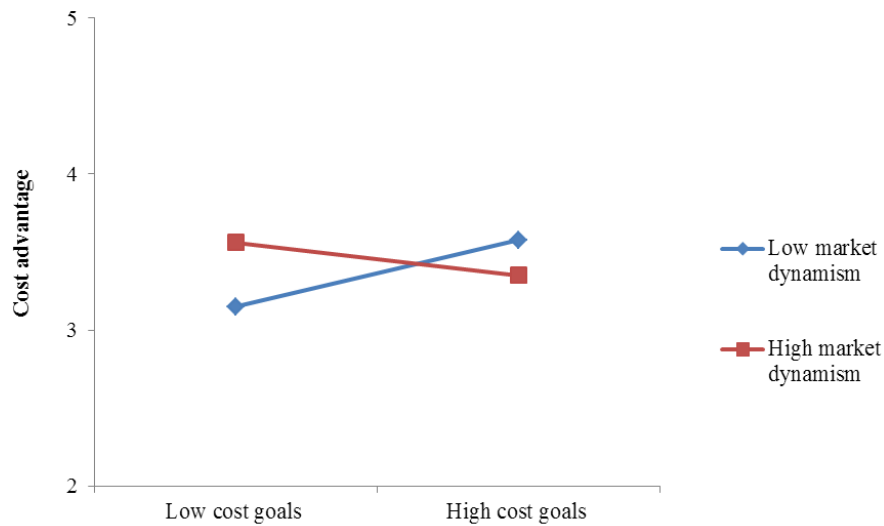


Figure 9 Impact of market dynamism on the differentiation goals–differentiation advantage link

