The simultaneous effect of firm capabilities and competitive strategies on export performance: the role of competitive advantages and competitive intensity

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Abstract

Purpose – This study aims to determine the simultaneous effect of exporting firms' competitive strategies and capabilities on the achievement of competitive advantages and export performance under the boundary conditions of competitive intensity. In so doing, the study combines the alternative theoretical lenses of the resource-based view (RBV) and the structure–conduct–performance (SCP) paradigm.

Design/methodology/approach – Primary data were obtained from 281 Turkish manufacturer–exporter firms operating in different sectors and located in several regions of the country. Structural equation modeling was utilized to test our conceptual framework, which combined the effects of RBV-based and SCP-based factors on competitive advantages and export performance under the moderating influence of competitive intensity.

Findings – This study reveals that unique firm capabilities, specifically informational, relational, and marketing capabilities, and competitive strategies, including differentiation and cost leadership, provide export firms with a competitive advantage and improve their export performance in foreign markets. Furthermore, competitive advantages partially mediate the effects of competitive strategies and unique firm capabilities on export performance. Finally, unexpectedly, and contrary to most of the existing literature, we find that competitive intensity negatively moderates the link between service advantages and export performance.

Originality/value – This research offers a comprehensive view of manufacturer–exporter firms' export performance by accounting for the overlooked simultaneous effect of firm capabilities and competitive strategies through the mediation of competitive advantages and under the boundary conditions of competitive intensity.

Keywords Export marketing, International marketing, Resource-based view, Competitive strategy, Competitive advantage

Paper type Research paper

1. Introduction

As a result of the ever-increasing globalization, firms face international competitors in their domestic markets, even if they are not internationalized themselves. Therefore, in an increasingly dynamic and competitive global marketplace, firms are compelled to operate beyond their national borders and increase their competitiveness across domestic and foreign

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markets (Morgan *et al.*, 2006). At this point, exporting becomes a tool for firms to open up to new foreign markets, expand their sales and resist the global competitive forces in a more sustainable way.

However, despite the increasing interest, the main problems that limit the extant research findings draw attention to the literature on export performance. The earliest research on export marketing was descriptive and atheoretical (e.g. Katsikeas *et al.*, 2000) or was conducted largely using divergent theoretical perspectives (e.g. Zou and Stan, 1998). In this sense, it has been difficult to form a comprehensive theoretical basis to explain export performance and integrate the findings from different studies into a consistent knowledge base. Most researchers have explained their performance analysis of export activity through the strategic management approach, which offers two main points of view to explain how firms pursue a competitive advantage (Cavusgil and Zou, 1994). The first focuses on the distinctive resources and capabilities that can be controlled by firms alone and emphasizes that gaining a competitive advantage depends heavily on firms' resources and capabilities (Kaleka, 2002). The second concerns what firms must undertake to gain a defendable position amid different competitive forces, namely identify attractive industries or industry segments (Zou *et al.*, 2003).

Interestingly, most research on export ventures (e.g. Kaleka, 2002, 2012) has adopted a resource-based view (RBV) approach, identifying the firm resources and firm capabilities as the drivers of a competitive advantage and ensuring export performance, neglecting the structure–conduct–performance (SCP) assumptions. In recent studies (e.g. Martin *et al.*, 2017; Pham *et al.*, 2017; Tan and Sousa, 2015), the SCP paradigm has still been overlooked in explaining export performance drivers. Thus, less is known about how firms' internal attributes and external environment simultaneously explain their competitive advantage and export performance. In a similar vein, research adopting the SCP paradigm has typically overlooked the RBV assumptions and factors that can be explained via the RBV (e.g. Cavusgil and Zou, 1994; Zou and Stan, 1998; Zou *et al.*, 2003). By only considering firms' internal attributes and external market conditions in a fragmented manner, researchers are prevented from understanding their export performance in detail. Thus, a holistic view of competitive advantages and export performance needs to be developed by accounting for the joint role of firm capabilities and competitive strategies within the boundary conditions of the external environment. At this point, Morgan *et al.* (2004) integrated these two competing theories, the RBV and the SCP paradigm, which have often been seen as inconsistent in explaining the premises of export venture performance. We follow Morgan *et al.* (2004) and integrate factors embedded in both lines of theory to explain the export performance of emerging market firms.

This study aims to explore the simultaneous effect of firm capabilities and competitive strategies on export performance and investigate the mediating role of competitive advantages and the moderating role of competitive intensity in the nexus of relationships between firm capabilities, competitive strategies and export performance. In so doing, primary data obtained from 281 Turkish manufacturer–exporter firms operating in different sectors and locations, supported by secondary data from the *World Competitiveness Report*, are analyzed to test the conceptual framework.

Our study makes three distinct contributions to the research on export marketing. First, research focusing on the RBV and SCP (e.g. Morgan *et al.*, 2004) has pointed out that the competitive strategy mediates the relationships between export venture resources and capabilities and competitive advantages. We extend the findings of the prior studies by investigating the effects of competitive strategies on export performance, as an antecedent, together with export capabilities. Thus, rather than considering competitive strategies as a mediating variable, we examine the combined effect of firm capabilities and competitive strategies on competitive advantages.

Second, from an RBV perspective, we expand the findings of previous studies in terms of investigating the effects of a broader set of competitive capabilities on competitive

advantages and export performance. In addition to this, most of the studies investigating the relationships between firm capabilities, competitive strategies, competitive advantages and export performance were conducted on export ventures operating in developed countries (Pham *et al.*, 2017). We also contribute to the literature by providing empirical data from an emerging market context, as Sousa *et al.* (2008) suggested.

Third, through the SCP perspective, our study investigates the moderating role of competitive intensity in the relationship between competitive advantages and export performance. To the best of our knowledge, no prior study has investigated how competitive intensity moderates the relationship between competitive advantages and export performance. However, as competitive intensity is a profoundly important external factor in export marketing, there is a need to examine its role in the linkages between competitive advantages and export performance (Auh and Menguc, 2005; Morgan *et al.*, 2004). Therefore, we include competitive intensity as a moderating variable in our conceptual model. Thereby, we consider external factors in the export market as well as internal factors, namely export venture strategies and capabilities.

2. Theoretical background and hypothesis development

2.1 The resource-based view and the structure–conduct–performance paradigm in export marketing

The RBV and SCP are both seminal theoretical lenses through which we aim to explain export marketing phenomena across the globe. They offer distinct yet potentially complementary insights into the antecedents and consequences of export marketing in different contexts and circumstances. The RBV concentrates on the distinct resources and capabilities that can be developed, configured and organized by the focal firm. It highlights that attaining a competitive advantage depends primarily on the resources and capabilities that a firm possesses (Kaleka, 2002). In the RBV, firms that pursue competitive advantages are argued to build differentiation by augmenting their "distinctive capabilities" to obtain and maintain a competitive advantage. The SCP paradigm, on the other hand, concentrates on what a firm must do to gain a defendable position in the face of the different competitive forces, namely identify attractive industries or industry segments. The SCP paradigm states that there are two determinants of performance. The first is the structural characteristics of the market in which a firm actually operates. The second is the firm's ability to implement strategies intended to gain and retain its competitive advantage in the target market in both an effective and an efficient way (Porter, 1985). The SCP paradigm highlights that firms that understand and adapt to their market structure and conduct their strategies effectively achieve better performance.

Taken together, while the RBV highlights firms' resources and capabilities (Barney, 1991), the SCP paradigm addresses the external environment and competitive strategies (Zou *et al.*, 2003). These two theoretical lenses offer two distinct points of view. Still, both approaches indicate that firms' ultimate goal is to obtain profit above the industry average, even though the route taken to achieve this goal might be viewed differently.

2.2 Firm capabilities in the context of export marketing

Martin *et al.* (2017) provided empirical evidence that marketing capabilities are positively related to competitive strategies since they allow firms to select the most effective marketing strategy. When encountering unpredictable moves by rivals, export ventures change their strategic decisions accordingly. New entrants enjoy learning opportunities, and they can adapt their competitive strategies based on their capabilities more easily and quickly according to their rivals' maneuvers. On the other hand, due to inertia constraining their learning and adaptation capacity, older ventures develop marketing capabilities in line with

their competitive strategies to minimize the risks rather than adapting their competitive strategies to the market (Martin *et al.*, 2017). Not only do capabilities affect strategy implementation but also strategies may lead to capability building.

Furthermore, in the export literature, most studies have provided evidence that informational capabilities (Kaleka, 2002, 2012; Kaleka and Morgan, 2019; Piercy *et al.*, 1998), relational capabilities (Kaleka, 2002, 2012; Kaleka and Morgan, 2019; Ling-Yee and Ogunmokun, 2001) and marketing capabilities (Kaleka, 2002, 2012; Kaleka and Morgan, 2019; Leonidou *et al.*, 2011; Morgan *et al.*, 2012; Tan and Sousa, 2015; Zou *et al.*, 2003) enhance export performance. However, among these three salient capabilities, marketing capabilities have received asymmetrical attention at the expense of the other two, that is, informational capabilities and relational capabilities (e.g. Leonidou *et al.*, 2011; Martin *et al.*, 2017; Morgan *et al.*, 2012; Tan and Sousa, 2015). As such, we include informational and relational capabilities (e.g. Kaleka, 2002, 2012; Kaleka and Morgan, 2019) as competitive capabilities together with marketing capabilities because acquiring information on a foreign market and establishing interfirm relationships are essential for export ventures that are newly emerging in international markets. According to Krammer *et al.* (2018), one of the main factors hindering emerging economy firms' export success is their lack of knowledge about export markets. Sharing information and building long-term relationships with business partners are critical for firms from emerging economies since they arrive in the international market later than their competitors from developed countries. Furthermore, since institutional factors and capabilities independent of the export context are beyond the scope of this study, we only include informational, relational and marketing capabilities as export-related capabilities in our conceptual model.

2.3 The relationship between firm capabilities and competitive advantages

Informational capabilities can be defined as the ability to obtain information related to export markets. These capabilities enable export ventures to engage in contracts, recognize potential customers, track products provided by competitors and acquire information in the foreign market (Kaleka, 2002). Informational capabilities can be leveraged to achieve different competitive advantages, including cost advantages, product advantages and service advantages.

Informational capabilities are critical for firms to make effective decisions in export markets (Leonidou and Theodosiou, 2004). Based on this knowledge, obtaining specific and unique market information can enhance firms' competitive advantage in their international markets. Informational capabilities respond effectively to firms' need for market intelligence as a source of a competitive advantage. First, the ability to access and leverage relevant information can reduce firms' operational costs and enable them to compete based on cost. Given their informational capabilities, export firms can achieve new economies of scale, benefit from the synergy between export channels and thus lower their costs by systemizing their processes for obtaining and using information related to their export market (Kaleka, 2012).

Second, export firms with informational capabilities can identify unique and new product opportunities (e.g. market segments that are not served adequately and customers who are not pleased with the rival firms) that arise in international markets before their rivals recognize them. Thus, they can transform these opportunities into their competitive advantage by providing these markets with more valuable products and better services than their rival firms do (Johnson *et al.*, 2009).

Third, the challenging nature of the codifiability of service-related information (Strange and Humphrey, 2019) necessitates greater informational capabilities, especially those concentrating on tacit knowledge. In turn, the capability to codify and use service-driven information constitutes essential bedrock for international expansion and service advantages (Ponte and Gibbon, 2005). In short, information on the export market, together with the gains

that it provides to a firm, can create several new opportunities and helps the firm to pursue a better competitive advantage (Katsikeas *et al.*, 1996). Therefore, we hypothesize that:

H1. Firms' informational capabilities are positively associated with a) cost advantages, b) product advantages and c) service advantages.

Relational capabilities are defined as firms' capabilities to create, manage and leverage the overall structure of their network relationships over time (Gölgeci *et al.*, 2019). Relational capabilities include building and utilizing relationships with both customers (Kaleka, 2002) and suppliers (Piercy *et al.*, 1998). Relational capabilities, which are associated with the sharing of information and development of long-term relationships with partners (Lages *et al.*, 2009), involves "personnel contact, communication with channel members, and maintaining positive working relationships" (Freeman and Styles, 2014). Thus, maintaining relationships with actors in the same export channel provides a sustained competitive advantage (Ling-Yee and Ogunmokun, 2001) such that firms benefit from interfirm relationships through the access to the knowledge assets of other firms that they cannot develop internally. Relational capabilities enable international collaboration among firms and facilitate information sharing and interactive learning. Firms can gain access to knowledge and technology that would otherwise be beyond their control and find solutions to their problems (Freeman and Styles, 2014).

Additionally, since export firms' success depends on satisfying customers' expectations, the relationships built with customers in export markets enable specific product expectations to be understood (Daviron and Gibbon, 2002). In contrast, relationships with suppliers support export decisions by identifying appropriate supply sources and their cost and quality using signals from the market. In fact, a product that will be preferred in terms of quality, price and design and the necessary service structure can be created through the relationships with supply chain members. Likewise, as services entail more long-term relationships and closer involvement with channel partners (Miroudot and Cadestin, 2017), firms can leverage their relational capabilities to achieve higher service advantage levels. Thus, these export firms can gain a competitive advantage over their rivals in their specific export markets (Kaleka, 2002; Morgan *et al.*, 2004). Therefore, we hypothesize that:

H2. Firms' relational capabilities are positively associated with a) cost advantages, b) product advantages and c) service advantages.

Marketing capabilities are defined as integrative processes that enable firms to increase the value of their products and services and deal with intense competition using their information, skills and resources following the market requirements (Day, 1994). Marketing capabilities are multidimensional. They include product development capability (Kaleka and Morgan, 2019), pricing capability, channel/distribution capability (Freeman and Styles, 2014; Morgan *et al.*, 2012) and promotion and sales capabilities (Morgan *et al.*, 2012). As such, marketing capabilities are a fundamental source of customer value creation and sit at the epicenter of firms' capabilities in competitive environments (Day, 1994).

Given their multidimensional nature (Freeman and Styles, 2014; Morgan *et al.*, 2012; Vorhies and Harker, 2000), marketing capabilities can underlie different aspects of competitive advantages in foreign markets. First, marketing capabilities can provide exporting firms with a cost advantage by helping with cost control, price elasticity and effective financial management practices (Zou *et al.*, 2003). Moreover, marketing capabilities allow exporting firms to establish active cooperation with export distributors and trust-based relationships with all the channel members. Thus, the costs of the export channels are lowered (Kaleka, 2002). Second, marketing capabilities may enable firms to develop and offer new competitive products quickly to foreign customers and underpin product advantages in hypercompetitive environments. Past research has shown that marketing capabilities enhance new product performance (O'Cass and Heirati, 2015).

Third, as firms increasingly operate in service markets and grow their service offerings in their customer value portfolios (Kamp and Parry, 2017; Kowalkowski *et al.*, 2017), marketing capabilities become increasingly important for service advantages. This trend is often touted as servitization and has garnered increasing attention among both scholars and practitioners. In fact, customer service is considered to be a "critical competitive factor" for exporters to provide high-quality products (Gebauer, 2008). Service advantages are associated with the "intangible elements" of physical products related to their procurement, delivery and usage. Easy access to information and service quality are vital elements rather than a complement of a product in the export market. In this vein, firms that develop and deploy their marketing capabilities can offer better technical support and after-sales services as well as delivery speed and reliability since they are more likely to be closer to customers and have greater ability and means to address their service needs (Kaleka and Morgan, 2019). Thus, we hypothesize that:

H3. Firms' marketing capabilities are positively associated with a) cost advantages, b) product advantages and c) service advantages.

2.4 The relationship between competitive strategies and competitive advantages

According to the SCP paradigm, one of the determinants of performance is the capability to gain a competitive advantage through the effective and efficient implementation of a planned competitive strategy. Porter (1985) suggested that implementing cost leadership and differentiation strategies can establish a competitive advantage in the industry. Some studies have included a focus strategy in the portfolio of competitive strategies. However, Baldauf *et al.* (2000) argued that, since a focus strategy involves either a low-cost or a differentiation strategy, depending on the market scope, it is not easy to distinguish it as a separate strategy. In line with this argument, we cover cost leadership and differentiation strategies as a distinct and parsimonious set of competitive strategies. A cost leadership strategy in the context of exports can be implemented through competitive pricing, product standardization and marketing approaches based on the standard processes to increase efficiency and provide the market with competitive price–quality combinations (Kumlu, 2014).

Through their differentiation strategy, firms aim to produce products or services that are considered to be unique by customers. Firms that implement a differentiation strategy expect to prevent new firms from entering the market by building strong customer loyalty. Strategies based on differentiation and high-quality products are considered to be significant competitive weapons, especially in markets with dynamic environmental characteristics, such as export markets (Leitner and Guldenberd, 2010).

In the context of export firms' cost leadership strategy, export firms can gain a cost advantage over their competitors (Morgan *et al.*, 2004). Following a differentiation strategy, firms that provide higher-quality and more innovative products than their competitors and then export those products with distinctive attributes will achieve a product advantage in the target market (Vorhies and Harker, 2000). This strategy includes the intensity of interaction with customers, personal relationships with customers, customer satisfaction and loyalty. Therefore, with service differentiation, firms find the opportunity to act according to sophisticated customer needs at all stages of the product/service life cycle. In this regard, export firms that are better and faster than their competitors in timely and safe product delivery, after-sales services and satisfaction of customer needs are predicted to gain more service advantages above and beyond the product advantages (Morgan *et al.*, 2004).

Morgan *et al.* (2004) predicted that cost leadership and differentiation strategies could directly affect export ventures' competitive advantage. Firms' competitive strategies of cost leadership and differentiation that broaden the scope from local markets can affect their competitive advantage in the international context (Baldauf *et al.*, 2000). Therefore, we hypothesize here that:

H4. Firms' cost leadership strategy is positively associated with cost advantages.

H5. Firms' differentiation strategy is positively associated with a) product advantages and b) service advantages.

2.5 The relationship between competitive advantages and export performance

Competitive advantages, implying that export firms will gain more in international markets based on either cost or product and service differentiation, have great significance for competing against foreign market forces, overcoming competitive pressures and being truly sustainable in the market (Kaleka, 2002; Katsikeas *et al.*, 1996; Morgan *et al.*, 2004).

Cost advantages give pricing flexibility to export firms and provide the ability to offer better value to customers, thereby increasing firms' export sales and profitability (Day and Wensley, 1988). Similarly, differentiation advantages can affect the financial and strategic outcomes of firms' export performance by influencing customers' purchasing behavior via the higher value that the export initiative provides relative to competitors (Morgan *et al.*, 2004). Export firms can increase their export performance by making their customers pay higher prices for their products because of their product technology and inimitable products (Beamish *et al.*, 1993). Likewise, the differentiation created against competitors in service areas like merchandising, technical service, after-sales service, and on-time and safe delivery can positively affect export performance (Piercy *et al.*, 1998). When a firm gains product and service advantages in the export market, it may gain customers' positive attitude and loyalty and the ensuing repeat purchases, which increase their export performance. Therefore, we expect that the competitive advantages that export firms gain over their competitors in the export market can positively affect their export performance. Therefore, we hypothesize that:

H6a. Cost advantages are positively associated with export performance.

H6b. Product advantages are positively associated with export performance.

H6c. Service advantages are positively associated with export performance.

2.6 The mediating effect of competitive advantages

Firms that aim to attain high performance must first identify the capabilities and strategies that will provide them with a competitive advantage (Castanias and Helfat, 2001). However, decision-makers tend to use the capabilities at hand and the strategies that they have previously implemented rather than the ideal capabilities and appropriate strategies (Amit and Schoemaker, 1993). Therefore, resource-based capabilities and competitive strategies may not single-handedly lead to increases in performance. Firms that are willing to achieve performance output from their valuable, rare resources and capabilities must apply their strategies based on these capabilities and their abilities to create a cost advantage over their competitors as well as making use of market opportunities or eliminating threats (Newbert, 2008). More precisely, for firms to acquire economic rent through their unique capabilities and competitive strategies, these determined skills and strategies must first be transformed into advantages based on either cost or differentiation. For example, a cost leadership strategy leverages export performance only when the market position enables the export revenue gained through customers' repeated purchases to exceed the profit margin reduction caused by the price cuts. Differentiation strategies may lead costs to rise, decreasing profit margins, that is, lowering the performance level. Therefore, differentiation strategies leverage export performance unless the costs associated with improving the product quality resulting from differentiation efforts cause the market position to deteriorate (Porter, 1980).

In the export literature, several studies have been undertaken within the scope of the SCP paradigm and the RBV to identify the determinants of export performance. Studies

concerning the SCP paradigm (e.g. Cavusgil and Zou, 1994; Zou and Stan, 1998) have focused on the external environment and firms' competitive strategies and advocated that the competitive advantages gained from applying competitive strategies affects performance on the international platform. On the other hand, studies based on the RBV (e.g. Kaleka, 2002; Morgan *et al.*, 2012; Zou *et al.*, 2003) have asserted that firms' resources and capabilities drive their competitive advantages. Thus, firms can increase their export performance through the competitive advantages gained using their particular resources and capabilities. Both theories assert that a market position that will provide a competitive advantage must be obtained to earn rent. From this point of view, the ability of capabilities and strategies to contribute to export performance depends primarily on their ability to provide a defensible competitive advantage over competitors.

Consequently, export capabilities and competitive strategies can affect export performance through the competitive advantages that they provide for the export initiative in the market. Using this framework, according to our theoretical prediction, export capabilities and competitive strategies only provide firms with the potential to achieve better performance than their competitors. Export performance can be increased through the cost or differentiation advantages achieved in the market using competitive strategies and export capabilities. Therefore, we hypothesize that:

H7a. Competitive advantages mediate the relationship between firm capabilities and export performance.

H7b. Competitive advantages mediate the relationship between competitive strategies and export performance.

2.7 The moderating effect of competitive intensity

Competitive intensity, in the context of exports, refers to the willingness and capacity of firms' competitors in their target market to respond to their export activities (Morgan *et al.*, 2004). Competitive intensity depends on the number of firms, the firms' size and the methods that these firms use to increase their market share (Auh and Menguc, 2005). Competitive intensity often stimulates firm development and is beneficial to both the customers and the long-term health of competing firms (Cavusgil and Zou, 1994; Day and Wensley, 1988; Lages *et al.*, 2005; Morgan *et al.*, 2004). Firms that export to competitive markets should be more proactive and concentrate more on exporting processes to cope with the intensified competition.

In the exploratory study by Lages *et al.* (2005), European managers identified competition as a critical external force affecting export performance. Competitive intensity stimulates price competition in the market. It also affects competitive advantages since rivals respond to firms' competitive moves, and firms are positioned with respect to their rivals' position in the market (Cavusgil and Zou; 1994; Day and Wensley, 1988; Morgan *et al.*, 2004). Nonetheless, there is also empirical evidence on the moderating effect of competitive intensity on the relationship between competitive strategies and competitive advantages (Morgan *et al.*, 2004).

Since international markets consist of competitors of different sizes and structures, the firms operating in these markets often become exposed to competitive conditions and are compelled to become more dynamic and responsive to customers' needs. The energizing impact of competitive intensity may positively affect customer satisfaction and facilitate the link between competitive advantages and export performance. Accordingly, under this intensive competition, firms can better translate their competitive advantage into export performance because of the acclimatization process that they undergo to rise to the challenge of competitive intensity.

In competitive markets, export firms have to increase their product and service quality to meet their customers' needs and demands (Porter, 1980). Among several alternative products,

firms tend to improve steadily the quality of their services as a complementary element to their products. It can be considered that these improvement costs in response to competitive intensity may impose a serious cost burden on firms, weakening their market position (Kaleka, 2011). In fact, competition may be counterproductive at times, and too much competition may drive firms to spend excessive time and resources on gaining market shares from each other, damaging their performance (Bengtsson and Kock, 1999). As such, one might argue that the positive moderating role of competitive intensity is not linear and may dissipate at higher levels of competition. However, although increased costs may affect export profitability negatively, the service/product advantages gained against competitors through differentiation will increase customer satisfaction and repeat purchases (Leonidou *et al.*, 2011). Even if firms price their products and services higher than their competitors due to increased costs, customers will be willing to pay this price for this product and service with the difference that they notice (Porter, 1980).

Firms can also price their products and services at a lower level than their competitors with the advantage of cost; thus, they can avoid intense competition. When value is created for customers through low pricing in a highly competitive market, their preferences will be directed to these firms' products and services. Firms that are superior to their competition are more likely to adapt to changes in customer preferences (Hunger and Wheelen, 2000). Consequently, export performance is likely to depend on the interaction between the competitive advantages and the competitive intensity in the market in which firms operate. In this context, export firms can operationalize a competitive advantage and transform it into economic rent more effectively, despite the potential pitfalls that they may face under conditions of high competition. The same outcome will be less predictable under low competition due to the overall export market's lower expected health. Therefore, we hypothesize that:

H8a. Competitive intensity positively moderates the relationship between cost advantages and export performance.

H8b. Competitive intensity positively moderates the relationship between product advantages and export performance.

H8c. Competitive intensity positively moderates the relationship between service advantages and export performance.

Our conceptual framework is depicted in Figure 1.

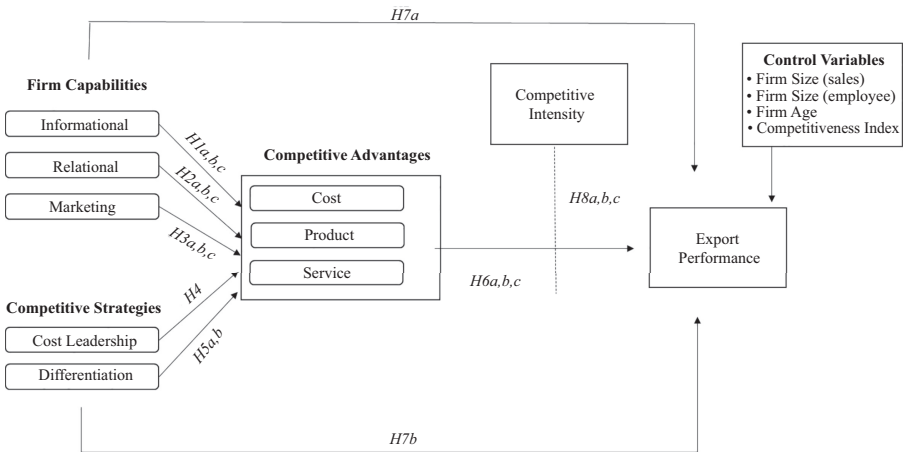

Figure 1.
Conceptual framework

3. Methodology

3.1 Sample and data collection

Through an online questionnaire, data were collected from export managers who were involved directly in firms' particular export ventures, following the procedure of Cavusgil and Zou (1994). The research argued that marketing strategies will not lead to the same outcomes in all export markets. When examining the relationship between export marketing strategies and performance, considering the firm level as an aggregate unit of analysis may result in uncertain empirical evidence. Therefore, using individual export ventures as the unit of analysis has been suggested to obtain more specific findings. Product market export ventures are measured in various ways in the literature. We opted for one of these and asked the exporters to choose one of the three product/country groups to which they export the most and answer the entire questionnaire considering this export channel. Therefore, export performance and competitive intensity were studied by considering the selected product/country criterion.

To acquire a representative sample, we used a stratified random sampling procedure by collaborating with the Turkish Exporters Assembly (TIM) to conduct the survey. The TIM is responsible for determining issues related to exports, conducting improvement studies and ensuring the transfer of exporters' problems to the most competent authorities. We obtained a sample pool of the top 1,000 exporters in Turkey in 2015 by collaborating with this organization. Next, we generated a list of 536 manufacturing–exporting firms. These firms were selected because they (1) have the most significant export share of the top 1,000 exporting firms; (2) develop products and export them to other countries in Europe, North America, the Middle East, and Central Asia; (3) are affiliated with Western firms; and (4) have at least 30 employees, as suggested by Akgün *et al.* (2009).

We contacted these firms' export managers by telephone to ensure that they were qualified (directly involved in an export venture) and willing to participate in the study. The research purpose was emphasized in the cover letter to alleviate the export managers' concerns and potential biases. We informed them that their responses would remain anonymous. Next, we asked the respondents to answer all the questions as honestly and forthrightly as possible (Podsakoff *et al.*, 2003). In this way, we ensured (1) that the managers chosen were those who were directly involved in the export ventures being studied; (2) that they fully understood the purpose of the study; and (3) that a particular response was focused on an individual product market export venture, thus excluding other export ventures from the same firm. To increase the response rate, we made follow-up phone calls to facilitate the data collection process. Data on 300 export venture cases from 281 firms across manufacturing–exporting industries were obtained from primary data, augmented by secondary data from the World Competitiveness Report. The markets in which firms operate are the manufacturing of textiles (65 firms), basic metals (48 firms), chemicals and chemical products (44 firms), food products (36 firms), electrical equipment (23 firms), motor vehicles, trailers and semi-trailers (19 firms), cement, lime and plaster (18 firms), machinery and equipment (15 firms), paper and paper products, furniture and forestry (10 firms) and leather and related products (3 firms). The demographic data for these samples are shown in Table 1.

3.2 Measurement of the variables

We measured the focal constructs via the participants' perceptual evaluations. Human and manager behaviors rely more on the perception of states than on actual states (Harari, 2014). Perceptions have been widely used and justified in empirical studies to test hypotheses (Mandler, 2019). As such, we believe that behaviors and capabilities can be accounted for in a more refined way by using primary perceptual data and that using perceptual measures is a suitable way to measure our concepts.

Sample characteristics	*N*	%
Firm size (number of employees)		
1–250	89	31.7
251–1,000	130	46.3
>1,000	62	22
Firm age (years)		
Young (1–10)	17	6
Middle-aged (11–20)	53	18.9
Mature (>=20)	211	75.1
Number of countries exported		
<10	34	12.1
10–19	59	21
>20	188	66.9
Export experience (years)		
<10	101	33.7
10–19	161	53.7
>=20	38	12.6
Export channels		
East Asia and Pacific	10	3.33
Europe and Central Asia	204	68
Latin America and Caribbean	6	2
Middle East and North Africa	66	22
North America	10	3.33
South Asia	2	0.66
Sub-Saharan Africa	2	0.66

Note(s): $N_{\text{firm}} = 281$ $N_{\text{participant}} = 300$

Table 1. Demographic profile of the respondents and firms

As our research was conducted in the Turkish context, the draft versions of the questionnaire were translated and back-translated to improve the translation accuracy. Three academics with a specialty in export marketing evaluated the items' content and meaningfulness to establish face validity and provide precise feedback. Afterward, the revised Turkish questionnaire was pretested by 50 export marketing managers to ensure that the measures were suitable for the Turkish context. No respondents demonstrated any difficulty understanding the items or the scales. After confirming the questionnaire items, the questionnaires were distributed and collected using the online questionnaire and applying the "personally administrated questionnaire" method. We drew on previously validated measures for related variables to develop the structured questionnaire, as detailed below.

3.2.1 Independent variables. We measured informational capabilities through five items adapted from Kaleka (2002). Likewise, the two dimensions (i.e. exporter–distributor cooperation and supply chain capability) of relational capabilities were captured on a nine-item scale adapted from prior research (Ling-Yee and Ogunmokun, 2001; Piercy *et al.*, 1998). We measured marketing capabilities through the five dimensions of product development capability, pricing capability, channel/distribution capability, promotional capability and sales capability by adopting measures from the existing literature on these dimensions (Freeman and Styles, 2014; Morgan *et al.*, 2012; Vorhies and Harker, 2000). We adapted five items developed by Ling-Yee and Ogunmokun (2001) and Vorhies and Harker (2000) to measure cost leadership. Finally, the construct of differentiation was measured across two dimensions of differentiation and service differentiation by adapting the measures developed by Lynch *et al.* (2000) and Morgan *et al.* (2004).

3.2.2 Moderator variable. The focal moderator variable that we tested was competitive intensity, and we measured the construct through five items adapted from Morgan *et al.* (2004).

3.2.3 Mediator variables. We relied on three variables to capture competitive advantages. First, the measurement items for cost advantages were adapted from Morgan *et al.* (2004). Second, we adapted four items developed by Piercy *et al.* (1998) to measure product advantages. Finally, service advantages were captured on a three-item scale adapted from Piercy *et al.* (1998).

3.2.4 Dependent variable. Our dependent variable was export performance, and we measured this construct through six items that were adapted from Zou *et al.* (1998).

3.2.5 Control variables. Firm size, measured in different ways, such as the number of employees or sales volume, has been considered as a control variable in several studies (e.g. Martin *et al.*, 2017; Piercy *et al.*, 1998; Tan and Sousa, 2015) in the export literature. Firm size may influence export performance since larger export ventures have more financial and human resources, a higher level of economies of scale and a perception of lower risk in their international operations (Katsikeas *et al.*, 1996). As such, based on the possibility of firm size affecting export performance, we included firm size – measured in terms of both the number of employees and the sales volume – as a control variable in our study to outline better the relationships hypothesized in our conceptual model. Furthermore, we added firm age to verify whether there is a difference between newly established and older firms regarding their export performance. Firm age was assessed using the logarithm of the number of years since the firm was founded. Finally, we controlled for host country competitiveness to account for the possible role of the focal host country's competitiveness level in export performance. We used secondary data – from the *2019 World Competitiveness Report* by the World Economic Forum (WEF) – to measure host country competitiveness. The data were incorporated into the model by measuring each export venture's focal (most important) host country's competitiveness level as reported by the WEF.

4. Analysis and results

4.1 Measurement model

We used confirmatory factor analysis (CFA) to test the reliability and validity of our measures. Using AMOS 23.0, we investigated all the variables (i.e. informational capabilities, relational capabilities, marketing capabilities, cost advantages, differentiation, service differentiation, export performance, and competitive intensity, amounting to 67 question items) in one CFA model that used all the surveys ($N = 300$). After eliminating questionable items with cross-loadings, we found that CFA produced a good fit, with a CFI of 0.90 (in addition, $\chi^2(1765) = 3319.304$; IFI = 0.90; TLI = 0.89; RMSEA = 0.05; PNFI = 0.75). Additionally, all the item loadings were higher than 0.60 on their respective constructs ($p < 0.01$), thus providing solid support for convergent validity (see Table 2).

Table 3 reports the reliabilities of multiple items along with the construct correlations. The composite reliability values all exceeded the criteria of 0.7, which indicated sufficient reliability, and the average variance extracted (AVE) scores were all higher than 0.50 (Hair *et al.*, 2010). These results confirm the convergent validity of our measures. To examine the discriminant validity further, we compared the square roots of the AVE for each construct to investigate whether they were higher than the latent factor correlations for the pairs of constructs. As presented in Table 3, the square roots of the AVE were all higher than the correlations, a result that confirms the discriminant validity of our measures (Fornell and Larcker, 1981).

4.2 Structural model

After examining the reliability and validity of the measures, we further analyzed the main model with structural equation modeling using AMOS 23. As Table 4 shows, the resulting

Constructs and measures	Standardized loadings
Informational capabilities	
INF1 Capturing important market information	0.815
INF2 Identification of prospective customers	0.769
INF3 Acquiring export market-related information	0.882
INF5 Monitoring competitive products in the export market	0.615
Marketing capabilities	
Product development capability	0.695
PD1 Our firm improves and modifies existing products for export customers	0.804
PD2 Our firm develops new products for export customers when required	0.762
PD3 Our firm adopted new methods and ideas in our manufacturing process when needed	0.846
PD4 Our product development efforts give us an edge in our main export country	0.835
PD5 Our product development efforts are more responsive to customer needs than our competitors when developing a new product or modifying our existing product	0.796
Pricing capability	0.743
PR1 Doing an effective job of pricing the export venture products	0.755
PR2 Using our pricing skills to respond quickly to any customer need changes	0.808
PR3 Communicating pricing structure and levels to customers	0.825
PR4 Monitoring competitors prices and price changes	0.703
Channels/distribution capability	0.699
CD1 We have better relationships with distributors than do our competitors	0.915
CD2 Our distribution system is more efficient than our competitors	0.769
CD3 We work more closely with distributors and retailers than do our competitors	0.834
CD4 Our distribution programs are vital for marketing program success	0.829
Promotional capability	0.697
PC1 Our sales promotions (coupons, free samples, etc.) are more effective than those of our Competition	0.667
PC2 Our advertising programs are more effective than those of our competitors	0.832
PC3 Advertising is a vital component of our promotional program	0.816
Sales capability	0.792
SC2 Retaining good export salespeople and sales managers	0.837
SC3 Providing effective sales support to the sales force and distributors	0.789
SC4 Export sales management skills	0.902
Relational capabilities	
Exporter–distributor cooperation	0.738
EDC1 The venture had substantial cooperation with the distributor when designing sales promotion	0.670
EDC2 The venture had substantial cooperation with the distributor when developing advertising	0.720
EDC3 The venture had substantial cooperation with the distributor when developing a strategy	0.823
EDC4 The venture had substantial cooperation with the distributor when setting prices	0.757
EDC6 The venture had substantial cooperation with the distributor when gathering marketing data	0.761
Supply chain capability	0.637
SCC1 identification of attractive sources of supply by personnel	0.800
SCC2 Development and maintenance of good relationships with suppliers by personnel	0.868
SCC3 Development and maintenance of good relationships with suppliers by managers	0.903

(*continued*)

Table 2. Standardized factor loadings of measures

Constructs and measures	Standardized loadings
Cost leadership	
CL1 Be the lowest cost provider in your industry	0.624
CL2 Provide your customers with the lowest prices among your major competitors	0.604
CL3 Emphasize efficiency	0.948
CL4 Strive for high volume to spread costs	0.893
CL5 We compete by tightly monitoring all costs	0.923
Differentiation	
Product differentiation	0.576
PD1 Develop new products and/or services	0.847
PD2 Offer products and/or services for specialized needs	0.760
PD4 Offer highly differentiated products and/or services	0.862
PD5 Offer a high degree of value in products and/or services	0.789
PD6 Offer products/services with distinctly different features from those of competitors	0.841
Service differentiation	0.862
SD1 Achieving/maintaining quick product delivery	0.899
SD2 Achieving/maintaining prompt response to customer orders	0.762
SD3 Offering extensive customer service	0.949
Cost advantages	
CA1 Cost of raw materials	0.874
CA2 Production cost per unit	0.943
CA3 Cost of goods sold	0.930
CA4 Selling price to end-user customers	0.801
Product advantages	
PA2 Packaging	0.910
PA3 Design and/or style	0.879
PA4 Brand image abroad	0.862
Service advantages	
SA1 Product accessibility	0.851
SA2 Technical support and after-sales service	0.900
SA3 Delivery speed and reliability	0.912
Competitive intensity	
CI2 There are many promotion wars in our export market	0.702
CI3 Anything that one competitor can offer others can match easily	0.798
CI5 One hears of a new competitive move almost every day	0.689
Export performance	
EP2 This export venture has generated a high volume of sales	0.672
EP3 This export venture achieved rapid growth	0.648
EP4 This export venture has improved our global competitiveness	0.918
EP5 This export venture has strengthened our strategic position	0.921
EP6 This export venture has significantly increased our global market share	0.946
Note(s): $\chi^2(1765) = 3319.304$, CFI: 0.90 IFI = 0.90, TLI = 0.89, RMSEA = 0.05, PNFI = 0.75	

Table 2.

measurement model was found to fit the data reasonably well ($\chi^2 = 3726.39$; $\chi^2/df = 2.11$; CFI = 0.87; PNFI = 0.73; RMSEA = 0.06).

When examining the hypothesized effects, we found that informational capabilities were positively associated with cost advantages ($\beta = 0.15$, $p < 0.05$) and product advantages ($\beta = 0.13$, $p < 0.05$), thereby supporting H1a and H1b. However, there was no significant relationship between informational capabilities and service advantages ($\beta = -0.03$, $p > 0.1$),

Variables		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1. Informational capabilities	1	(0.77)																			
2. Exporter–distributor cooperation	2	0.469*	(0.74)																		
3. Supply chain	3	0.464*	0.432*	(0.82)																	
4. Product development	4	0.380*	0.397*	0.407*	(0.81)																
5. Pricing	5	0.500*	0.509*	0.380*	0.444*	(0.77)															
6. Channel	6	0.448*	0.389*	0.455*	0.394*	0.498*	(0.83)														
7. Promotion	7	0.429*	0.576*	0.426*	0.498*	0.422*	0.330*	(0.74)													
8. Sales	8	0.411*	0.382*	0.389*	0.433*	0.506*	0.417*	0.484*	(0.80)												
9. Cost advantages	9	0.402*	0.398*	0.346*	0.298*	0.385*	0.336*	0.278*	0.385*	(0.88)											
10. Product advantages	10	0.385*	0.312*	0.348*	0.413*	0.405*	0.384*	0.330*	0.369*	0.411*	(0.83)										
11. Service advantages	11	0.320*	0.343*	0.389*	0.337*	0.390*	0.509*	0.262*	0.377*	0.479*	0.389*	(0.84)									
12. Cost leadership	12	0.248*	0.284*	0.268*	0.235*	0.326*	0.486*	0.135*	0.287*	0.320*	0.234*	0.455*	(0.81)								
13. Product differentiation	13	0.250*	0.269*	0.313*	0.507*	0.237*	0.284*	0.374*	0.359*	0.291*	0.429*	0.336*	0.279*	(0.82)							
14. Service differentiation	14	0.337*	0.237*	0.372*	0.371*	0.374*	0.512*	0.263*	0.498*	0.349*	0.527*	0.621*	0.547*	0.484*	(0.92)						
15. Export performance	15	0.391*	0.365*	0.348*	0.286*	0.403*	0.255*	0.250*	0.398*	0.364*	0.424*	0.280*	0.062	0.291*	0.280*	(0.83)					
16. Competitive intensity	16	0.131**	0.172*	0.137*	0.210*	0.157*	0.108**	0.229*	0.156*	0.138[55]	0.256*	0.206*	0.029	0.376*	0.233*	0.280*	(0.73)				
17. Firm size 1 (sales)	17	0.083	0.151*	0.116***	−0.093	0.084	−0.013	0.053	0.069	0.084	−0.019	−0.026	−0.053	−0.065	−0.003	−0.019	0.036	(NA)			
18. Firm size 2 (employee)	18	0.025	0.055	0.050	−0.056	−0.031	−0.091	0.016	0.015	0.019	−0.056	−0.059	−0.055	−0.005	−0.078	−0.058	0.091	0.697*	(NA)		
19. Firm age	19	−0.04	−0.06	−0.00	0.14**	−0.08	−0.01	−0.08	−0.04	−0.08	−0.07	−0.03	−0.04	−0.02	−0.01	−0.08	−0.05	0.36*	0.40*	(NA)	
20. Host country competitiveness	20	−0.02	0.03	−0.06	−0.02	0.03	0.00	−0.15	−0.12	−0.01	−0.03	−0.01	0.04	−0.02	0.00	−0.07	−0.01	−0.01	−0.06	0.07	(NA)
Variance extracted (AVE)		0.60	0.55	0.67	0.65	0.59	0.70	0.55	0.64	0.78	0.69	0.71	0.66	0.67	0.85	0.69	0.53	NA	NA	NA	NA
Composite reliability		0.85	0.86	0.95	0.88	0.85	0.90	0.71	0.92	0.93	0.96	0.97	0.90	0.91	0.92	0.91	0.77	NA	NA	NA	NA
Mean		5.77	5.55	5.77	5.77	5.73	6.08	5.39	4.24	5.09	6.10	5.94	4.98	5.60	5.98	5.52	5.10	8.26	2.61	30.9	4.68
S. dev		0.80	0.76	0.84	0.90	0.85	0.80	1.00	0.79	1.15	0.85	0.98	1.46	1.09	0.98	0.97	1.14	0.50	0.49	15.0	0.65
Range		5.00	4.00	4.67	4.80	4.50	3.50	5.00	4.50	5.00	4.75	4.33	6.00	6.00	5.00	4.60	5.33	3.44	2.97	90	3.07

Note(s): $^{*}p < 0.01$, $^{***}p < 0.05$
Diagonals show the square root of AVE

Table 3.
Correlations between focal constructs and discriminant analysis

Hypothesized path	Standardized estimates	*t*-value	Results
H1a: Informational capabilities → Cost advantages	0.15	2.513**	Supported
H1b: Informational capabilities → Product advantages	0.13	2.189**	Supported
H1c: Informational capabilities → Service advantages	−0.03	−0.67	No support
H2a: Relational capabilities → Cost advantages	0.39	4.362***	Supported
H2b: Relational capabilities → Product advantages	0.12	1.729*	Supported
H2c: Relational capabilities → Service advantages	0.30	4.012***	Supported
H3a: Marketing capabilities → Cost advantages	0.21	3.408***	Supported
H3b: Marketing capabilities → Product advantages	0.31	4.800***	Supported
H3c: Marketing capabilities → Service advantages	0.13	2.482**	Supported
H4: Cost leadership → Cost advantages	0.10	1.749*	Supported
H5a: Differentiation → Product advantages	0.38	5.277***	Supported
H5b: Differentiation → Service advantages	0.60	6.870***	Supported
H6a: Cost advantages → Export performance	0.16	2.802**	Supported
H6b: Product advantages → Export performance	0.33	5.062***	Supported
H6c: Service advantages → Export performance	0.03	0.477	No support
Firm size (employee) → Export performance	−0.05	−0.644	
Firm size (sales) → Export performance	0.23	2.95**	
Firm age → Export performance	−0.09	−1.497	
Host country competitiveness → Export performance	−0.05	−1.068	

Note(s): *$p < 0.10$, **$p < 0.05$, ***$p < 0.01$

Table 4.
Model results

thus providing no support for H1c. Our results also showed that the relational capabilities are positively related to cost advantages ($\beta = 0.39$; $p < 0.01$), product advantages ($\beta = 0.12$; $p < 0.1$) and service advantages ($\beta = 0.30$; $p < 0.01$), confirming H2a, H2b and H2c, respectively. Similarly, marketing capabilities are positively related to cost advantages ($\beta = 0.21$; $p < 0.01$), product advantages ($\beta = 0.31$; $p < 0.01$) and service advantages ($\beta = 0.13$; $p < 0.05$), thus supporting H3a, H3b and H3c. Support was also found for H4, confirming a positive effect of cost leadership on cost advantages ($\beta = 0.10$; $p < 0.10$). Further, H5a and H5b, which link differentiation with product advantages ($\beta = 0.38$; $p < 0.01$) and service advantages ($\beta = 0.60$; $p < 0.01$), respectively, are also supported.

Concerning the effect of competitive advantages on export performance, both cost advantages ($\beta = 0.16$; $p < 0.05$) and product advantages ($\beta = 0.33$; $p < 0.01$) were found to be positively related to export performance, providing support for H6a and H6b, respectively. In contrast, no support was found for H6c regarding the effect of service advantages on export performance ($\beta = 0.03$; $p > 0.10$).

To test the mediating effect of competitive advantages, we employed the Baron and Kenny (1986) procedure, wherein a variable (M) mediates the relationship between an independent variable (X) and a dependent variable (Y) if (1) X is significantly related to Y; (2) X is significantly related to M; (3) after X was controlled for, M remained significantly related to Y; and (4) after M was controlled for, the X–Y relationship is zero. Steps (2) and (3) are the essential steps for establishing mediation, while step (4) is only necessary to prove a fully mediated effect. Additionally, the presence of the mediator (M) must reduce the impact of the independent variable on the dependent variable compared with the situation when M is not present. Further, entering the mediator into the AMOS-based SEM model should significantly increase the R^2. To address these issues, we developed three different SEM models, as shown in Table 5.

Model 1, including all the firm capabilities and competitive strategies (X) and the export performance (Y), indicates that informational capabilities ($\beta = 0.21$, $p < 0.01$), relational capabilities ($\beta = 0.28$, $p < 0.1$), marketing capabilities ($\beta = 0.17$, $p < 0.1$) and differentiation

Paths	Model 1	Model 2	Model 3
Informational capabilities → Export performance	0.21***		0.17***
Relational capabilities → Export performance	0.28***		0.27***
Marketing capabilities → Export performance	0.17***		0.12*
Cost leadership → Export performance	−0.20**		−0.18**
Differentiation → Export performance	0.17**		0.10
Informational capabilities → Cost advantages		0.15**	0.15**
Informational capabilities → Product advantages		0.12**	0.12**
Informational capabilities → Service advantages		−0.03	−0.03
Relational capabilities → Cost advantages		0.39***	0.39***
Relational capabilities → Product advantages		0.134*	0.12*
Relational capabilities → Service advantages		0.32***	0.30***
Marketing capabilities → Cost advantages		0.211***	0.21***
Marketing capabilities → Product advantages		0.296***	0.31***
Marketing capabilities → Service advantages		0.121**	0.13**
Cost leadership → Cost advantages		0.103*	0.10*
Differentiation → Product advantages		0.387***	0.38***
Differentiation → Service advantages		0.61***	0.60***
Cost advantages → Export performance			0.04
Product advantages → Export performance			0.22***
Service advantages → Export performance			−0.05
Firm size (employee) → Export performance	−0.04		−0.05
Firm size (sales) → Export performance	0.16**		0.17**
Firm age → Export performance	−0.10		−0.07
Host country competitiveness → Export performance	−0.04		−0.04
	$\chi^2_{(1274)} = 2854.36$	Full model	$\chi^2_{(1823)} = 3831.32$
	CFI = 0.87		CFI = 0.87
	PNFI = 0.73		PNFI = 0.73
	χ^2/df = 2.24		χ^2/df = 2.10
	RMSEA = 0.06		RMSEA = 0.06

Note(s): $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$

Table 5.
Mediator analysis

($\beta = 0.17$, $p < 0.1$) are positively related to export performance, whereas cost leadership ($\beta = -0.20$, $p < 0.05$) is negatively related to export performance and $R^2_{\text{export perf.}} = 0.21$.

Model 2, which covers firm capabilities and competitive strategies (X) and competitive advantages (M), shows that all the variables are positively associated with all the competitive advantage variables, except for the relationship between informational capabilities and service advantages ($\beta = -0.03$, $p > 0.1$).

After the independent variables (X) were controlled, as shown in Model 3, product advantages ($\beta = 0.22$, $p < 0.01$) were found to be positively associated with export performance. In contrast, cost advantages ($\beta = 0.04$, $p > 0.1$) and service advantages ($\beta = -0.05$, $p > 0.1$) are not related to export performance. In addition, competitive advantages reduce the effects of firm capabilities and competitive strategies on export performance. In contrast, the inclusion of cost advantages, product advantages and service advantages in the model increases the R^2 export performance ($R^2_{\text{export perf.}} = 0.26$). Based on these results, cost advantages, product advantages and service advantages partially mediate the relationship between firm capabilities, competitive strategies and export performance, thereby providing partial support for H7a and H7b.

To test the relationship between competitive advantages and export performance in a competitive intensity context (H8), we used a first-order SEM-based product indicator approach. Here, we used the composite score of each competitive advantage variable and competitive intensity. We then standardized the question items for competitive advantages,

competitive intensity, export performance and the control variables. Next, we multiplied the standardized competitive advantages and competitive intensity items to create an interaction effect. Finally, we performed a moderation analysis, as presented in Table 6. However, we were not able to find a moderating effect of competitive intensity on either the cost advantages–export performance link ($\beta = 0.04$; $p > 0.1$) or the product advantages–export performance link ($\beta = 0.02$; $p > 0.1$), providing no support for H8a and H8b, respectively. We noted that the interaction effect (service advantages*competitive intensity) was negative and significant ($\beta = -0.13$; $p < 0.05$). However, the direction of the significant sign was the opposite of our expectation, as we hypothesized a positive moderation effect. We thereby rejected H8c.

4.2.1 Post hoc analysis. As our linear moderation hypotheses did not receive support, we explored the possibility of the nonlinear effect of competitive intensity on the relationship between competitive advantages and export performance. Thus, we ran a post hoc analysis to test the possibility of a curvilinear role of competitive intensity in the linkages between competitive advantages and export performance. The results show that competitive intensity has an inverted-U-shaped effect on the link between product advantages and export performance (i.e. the coefficient of the quadratic variable, competitive intensity^2 × product adv. → export performance is negatively significant: $\beta = -0.12$, $p < 0.05$). Interestingly, our findings demonstrate that competitive intensity has a U-shaped effect on the link between service advantages and export performance (i.e. the coefficient of the quadratic variable, competitive intensity^2 × service adv. → export performance is positively significant: $\beta = 0.08$, $p < 0.10$). However, competitive intensity yielded no curvilinear effect on the linkage between cost advantages and export performance (competitive intensity^2 × cost adv. → export performance: $\beta = -0.03$, $p > 0.1$).

Specifically, when firms acquire product advantages under conditions of low or high levels of competitive intensity, they can gain export performance with less success. However, when competitive intensity is at a moderate level, product advantages strengthen firms in relation to their competitors, increasing their export performance. Interestingly, we found that service advantages have a U-shaped effect on export performance. This finding shows that, when competitive intensity is at a moderate level, service advantages have a weak effect

Table 6. Moderator analysis

	Paths	Model 1	Model 2
Main effects	Cost advantages → Export performance	0.18**	0.20**
	Product advantages → Export performance	0.26**	0.24**
	Service advantages → Export performance	0.05	0.04
	Competitive intensity → Export performance	0.19**	0.18**
Interaction effects	Cost advantages × Competitive intensity → Export performance		0.04
	Product advantages × Competitive intensity → Export performance		0.02
	Service advantages × Competitive intensity → Export performance		−0.13*
Control variables	Firm size (sales) → Export performance	0.22**	0.24**
	Firm size (employee) → Export performance	−0.07	−0.07
	Firm age → Export performance	−0.12*	−0.12*
	Host country competitiveness → Export performance	−0.04	−0.04
Fit indices		$\chi^2_{(3)} = 23.95$ CFI = 0.96 IFI = 0.96	$\chi^2_{(15)} = 99.062$ CFI = 0.90 IFI = 0.90

Note(s): *$p < 0.05$, **$p < 0.01$

on export performance. However, when firms are exposed to high or low competitive intensity, service advantages strongly influence emerging market firms' export performance.

5. Discussion and implications

The RBV and the SCP paradigm are primary theoretical lenses informing firms' capabilities and competitive strategies that explain export performance. However, precisely how and under which circumstances firm capabilities and competitive strategies enhance export performance are still underexplored. Specifically, a comprehensive theoretical basis for explaining export performance is lacking, and little is known about how firms' internal attributes and external environment interact in explaining competitive advantages and export performance. In this sense, this study integrated two theoretical approaches, the SCP paradigm, and the RBV, and used them as lenses to explain pathways to export performance. This study revealed that both competitive strategies and unique firm capabilities simultaneously provide export firms with competitive advantages in foreign markets. The study's findings also clearly demonstrate that competitive advantages over competitors in the target market, especially based on cost leadership and differentiation, positively affect export performance. Further, the present study shows that cost advantages, product advantages and service advantages partially mediate the relationship between firm capabilities, competitive strategies and export performance. Finally, this research showed that competitive intensity negatively moderates the relationship between service advantages and export performance. Thus, our research advances the knowledge on the drivers of emerging market firms' export performance by developing a holistic picture of the joint role of internal and external factors.

5.1 Theoretical contributions

To identify the key strategic factors, this study integrated two different theoretical approaches, the SCP paradigm and the RBV. We extended the argument that these two theoretical approaches are not mutually exclusive in determining the factors that lead to competitive advantages and complement each other (Spanos and Lioukas, 2001) in the export marketing context. More specifically, this study revealed that competitive strategies, as informed by the SCP paradigm, and unique firm capabilities, as informed by the RBV, both provide export firms with competitive advantages in foreign markets. Their simultaneous role highlights the complementarity between firm capabilities and competitive strategies to achieve competitive advantages and support export performance.

Accordingly, our first contribution points out the insufficiency of investigating the factors that affect competitive advantages and export performance only from a capability perspective or a strategy perspective. The majority of the latest studies on export performance (Freeman and Styles, 2014; Kaleka, 2012; Zou *et al.*, 2003) have tended to investigate export performance based merely on firms' internal resources and capabilities using the framework of the RBV while ignoring the SCP paradigm. In this sense, competitive advantages are not only dependent on internal capabilities; the competitive strategies of different firms are also effective in gaining competitive advantages. Specializing in unique competitive strategy areas against other emerging market exporters with cost advantages, such as China, is not sufficient. Louter *et al.* (1991) provided evidence that successful exporters do not define strong competitiveness merely in terms of low prices. The combination of low price and high quality maintained through unique capabilities stands out as the fundamental success factor. Acquaah *et al.* (2008) provided empirical evidence that a hybrid strategy pursued by export firms in Ghana enhances their export performance. Therefore, our research highlights that export firms that simultaneously implement cost leadership and differentiation strategies combine those strategies with complementary capabilities to achieve greater competitive advantages.

Second, this study provided evidence that the product advantages dimension of competitive advantages plays a partially mediating role in the relationship between firm capabilities and export performance and has a full mediation effect on the relationship between differentiation strategies and export performance. In this framework, differentiation strategies and firm capabilities can affect export performance through the transforming role of product advantages. As such, in line with Tan and Sousa (2015), our findings pointed out the importance of developing high-level capabilities and the potential benefits from those capabilities in terms of both direct and indirect effects on export performance through the mediating effect of competitive advantages.

Third, concerning the moderating role of competitive intensity, we contribute to the literature about the effect of market conditions on export performance. Our study provided evidence that competitive intensity negatively moderates only the link between service advantages and export performance and not the links between cost advantages and export performance and between product advantages and export performance. In contrast to several related studies in the literature (Kaleka, 2012; Morgan *et al.*, 2012), this evidence can be explained by the fact that firms may not be compelled to develop and deploy service capabilities at low levels of competitive intensity, making the marginal contribution of these service capabilities more important to export performance when competitive intensity is low. It also shows that the interplay between competitive intensity and service advantages is more pronounced in explaining emerging market firms' export performance than the interplay between competitive intensity and cost and product advantages. This finding, along with the findings from the post-hoc analysis, indicates that service advantages are gaining increasing prominence in export marketing, which has previously been dominated by a product-centric approach. As such, our research fits well with the growing attention to servitization among scholars and practitioners alike.

Concerning the non-moderating role of competitive intensity in the links between cost advantages and export performance and between product advantages and export performance, Martin *et al.* (2017) argued that firm experience and inertia constrain firms to engage in more innovative and exploratory strategies under intense competition. Indeed, competitive intensity leads firms to engage in more exploratory strategies. In markets in which the competitive intensity is high, firms rely more on their competitive efforts, with an awareness that any vulnerability in their differentiation and productivity may have negative repercussions for their performance (Kaleka and Morgan, 2019). In this regard, as the competition intensifies, firms are expected to pursue more innovative strategies and seek to differentiate their products and services from those of their competitors. In contrast, in less competitive markets, they tend to continue with their current strategy and practices (Auh and Menguc, 2005).

Furthermore, low competitive intensity may prompt firms to expect to earn economic rent relatively more smoothly and predictably. When such contradictory effects of competitive intensity are considered together, it is possible that the positive and negative moderating influences of competitive intensity on the links between cost advantages and export performance and between product advantages and export performance cancel out each other, thus explaining the non-significant results. In this vein, Kaleka (2011) also emphasized that intense competition leads prices to fall, reducing firms' profit margin and potentially eliminating the positive role of product and cost differentiation in export performance.

5.2 Managerial implications

Based on this research, the findings suggest that export performance is increased through the cost and product advantages that a firm gains over its competitors. These advantages, in turn, are acquired through firm capabilities and competitive strategies. In this framework, the

research findings provide export firms with precise suggestions to gain a competitive advantage and exhibit superior performance. These suggestions can lead to the effective implementation of competitive strategies and the development of informational, relational and marketing capabilities.

As proposed by Porter (1980), to gain the greatest effectiveness of a cost leadership strategy, firms should continuously examine their production processes on a cost basis and take precautions to reduce costs and increase productivity in their supply chain and marketing activities, which are critical for export firms. Differentiation requires firms to focus on research and development activities. Especially in today's world, with the rapid development of technology, it is difficult for firms that do not place sufficient importance on innovation to continue to operate in fiercely competitive international markets. For the most effective service differentiation, cooperation with suppliers, intermediaries and distributors should be established and buyer–seller relationships must be transformed into practical strategic alliances through long-term contracts.

Furthermore, when deploying specific capabilities and crafting competitive strategies, export managers should be aware that the performance return of their firms' capabilities and strategies may not be immediate but could be manifested through competitive advantages. As such, competitive advantages should not be seen as outcomes on their own but as a means to achieve increased export performance. Therefore, we suggest that export managers should not only be cognizant of the competitive dynamics of foreign markets and channel firm capabilities and competitive strategies jointly toward competitive advantages but should also turn their firms' competitive advantages into export performance.

Additionally, when forming strategies and developing capabilities, the market competition structure should be considered, and the capabilities that provide the desired competitive advantage should be identified and reviewed carefully. Specifically, managers should be aware that their firm's competitive advantage may be less valuable for export performance when the competitive intensity is high. This means that firms operating in highly competitive markets need to rely less on competitive advantages and find other means to achieve export performance.

5.3 Limitations and future research

Our research does have some limitations that should be considered when interpreting the results. In particular, the cross-sectional studies did not allow us to examine the real causality between the different measures studied or to specify changes in the variables over a certain period. To clarify, internal capabilities, competitive strategies and advantages can indeed be expected to co-evolve. In this respect, a longitudinal design may be the most effective for future studies. Our selected sample size is another limitation. To validate the outcomes of this research and increase the sample size, future research can focus on a wider variety of sectors and firms.

All of the variables included in our models rely on primary survey data. Our findings could be verified and refined further, relying on multiple sources of data. Some of the variables, such as competitive intensity and export performance, can be measured using objective secondary data. While past research has highlighted that people's behaviors rely more on the perception of states than on actual states (Harari, 2014), it has also been acknowledged that data and methodological triangulation improve the rigor of the research findings (McGrath, 1981). Thus, future research can rely on multiple data sources to examine the issues explored in this research.

Besides the informational, relational and marketing capabilities included in this study, future studies may consider the effects of other firm capabilities, such as product and development capabilities, learning capabilities, HRM capabilities and export finance capabilities, on export performance. Further, the use of quantitative objective data and

more subjective evaluation when measuring export performance will contribute to firms' ongoing performance evaluation. Different types of capabilities and strategies lead to different export performance outcomes under various market conditions (Castanias and Helfat, 2001). Thus, more studies investigating the effects of competitive intensity on export performance from a broader perspective on different market and industry conditions should be carried out (Kaleka and Morgan, 2019).

Porter's generic strategies have been validated as a driving factor for international success in prior studies (Baldauf *et al.*, 2000; Knight and Cavusgil, 2004; Morgan *et al.*, 2004). However, those strategies focus on firms in general and do not directly address exporting activities. Therefore, future studies may identify competitive strategies specific to the exporting context as drivers of performance through a multi-phase research procedure, including both quantitative and qualitative research. Qualitative interviews may be helpful in gaining a deeper understanding of firm structures by enabling the identification of antecedents of export performance and focal relationships, while a quantitative research design can validate the findings of qualitative research (Knight and Cavusgil, 2004).

Finally, using an export venture as the unit of analysis is also one of our study's limitations. According to Oliveira *et al.* (2012), assessing export performance at a single export venture level imposes a number of limitations on the study. First, export venture performance based on venture profitability is likely to be subjective and unreliable since the research participants may not be informed about the export venture's profitability. Second, making inferences for the overall success of exports based on data collected from a single export venture may be misleading since the same strategies may not lead to the same performance outcomes for each export venture. Furthermore, making generalizations from the performance at the singular export venture level to export success as a whole is subject to some bias problems. Export managers may attribute the reasons for poor venture performance to external factors rather than the strategies implemented. This may cause the researcher to overestimate the effect of export strategies on export performance. To sum up, export performance can arise at different levels, such as the single venture level, export function level or cohort level – a meaningful subset of export ventures – within an export firm. Each particular level may require different models for testing the determinants of export performance. As suggested by Oliveira *et al.* (2012), our findings on the determinants of export performance measured at the export venture level should be validated at higher levels. Therefore, future studies may develop a multi-model of export success to measure export performance at different levels.

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