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The effect of export market oriented culture on export performance: evidence from a sub-Saharan African economy

Journal:	<i>International Marketing Review</i>
Manuscript ID	IMR-08-2016-0167.R2
Manuscript Type:	Original Article
Keywords:	Export market oriented culture, Export learning capability, Export performance, Export environmental turbulence, developing economy

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3 **The effect of export market oriented culture on export performance: evidence from a**
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5 **sub-Saharan African economy**
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8
9 **Abstract**
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11 **Purpose** – This study examines how export learning capability and export environmental
12 turbulence serve as mechanisms and boundary conditions to link export market oriented
13 culture to export performance.
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15 **Design/methodology/approach** – A quantitative approach was undertaken to analyze
16 longitudinal data of 249 small- and medium-sized exporting firms in Nigeria, a sub-Saharan
17 African economy.
18

19 **Findings** – Four major findings emerged from the study. First, export market oriented culture
20 positively influences export performance. Second, possessing an export market-oriented
21 culture results in the development of high export learning capabilities. Third, export learning
22 capability mediates the relationship between export market oriented culture and export
23 performance. Fourth, increases in export environment turbulence weaken the positive effect
24 of export learning capability on export performance.
25

26 **Research limitations/implications** – Our study does not investigate moderating effects
27 which might affect the relationship between export market oriented culture and export
28 learning capability as this was beyond the scope of our study.
29

30 **Originality/value** – Our study looks at developing economy environment as a unique context
31 to examine the direct, mediating, and moderating effects of export market oriented culture on
32 export performance.
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34 **Keywords** - Export market oriented culture, export learning capability, export performance,
35 export environmental turbulence, developing economy
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37 **Paper type** - Empirical
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1.0 Introduction

All organisations seek to achieve competitive advantages within their domestic and international markets and are constantly in search of novel ways to differentiate their market offerings from those of competitors. A strong market orientation (MO) is one way of ensuring an intimate relationship between an organisation and its customers that improves business performance (Narver and Slater, 1990; Kirca *et al.*, 2005). Previous research focuses on the adoption of MO behaviours within domestic operations (e.g., Kohli and Jaworski, 1990; Hurley and Hult, 1998), and this has been extended to study export market orientation (EMO) behaviours of exporting firms (Cadogan *et al.*, 2002; Murray *et al.*, 2011). Evidence suggests that domestic market orientation i.e. a proclivity to understand customer needs and wants, monitor competitive actions, and efforts to create synergy among organisational units helps generate superior export performance (Cadogan *et al.*, 1999; Kwon and Hu, 2000).

Research on market orientation has largely drawn insights from the resource based view (RBV) to conceptualise the construct as an organisational resource. The RBV literature views the firm as a bundle of resources, which may be tangible (e.g. infrastructure), intangible (e.g., brands) or idiosyncratic in nature (Penrose, 1959; Wernerfelt, 1984). A major tenet is that a firm should look internally to its unique idiosyncratic resources to improve its market position (Barney, 2001). Marketing research has, therefore, drawn on the RBV logic to conceptualize market-oriented culture as a firm-specific idiosyncratic resource that may help strengthen its market position (Narver and Slater, 1990; Homburg and Pflesser, 2000). To this end, a market-oriented culture is defined as, *“the unwritten, formally decreed and what actually takes place in a marketing context; it is the pattern of shared values and beliefs that helps individuals understand the marketing function and thus provides them with norms for behaviour in the firm ... in other words, the marketing culture of a service firm refers in the way marketing “things are done in the firm”* (Webster, 1993, p.113). In extending the

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3 tenets of the RBV literature, DeSarbo *et al.* (2007) argue that the development of
4 organisational capabilities might be a channel through which idiosyncratic resources such as
5 market orientation drives a firm's market position. In line with the RBV literature, this study
6 proposes that export learning capability (i.e., efforts of an exporting firm to acquire and
7 utilise new export market knowledge) may serve as a channel to connect the culture of EMO
8 to export performance (Souchon *et al.*, 2012).
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16 Exporting firms are faced with highly competitive and complex markets due to
17 governmental, economic, technological, and market factors which create an often hostile
18 environment (Katsikeas *et al.*, 2000; Cadogan *et al.*, 2003). While prior scholarly works have
19 related MO to performance in various contexts (e.g., Cadogan *et al.*, 2003; Boso *et al.*, 2013;
20 Qu and Zhang, 2015), the existing literature lacks consistency in findings on the conditions
21 that link EMO to export performance. Accounting for the effects of export learning
22 capability mechanism, and export market environmental turbulence conditions would,
23 therefore, expedite understanding of EMO, export learning capability, and export
24 performance relationship (Rose and Shoham, 2002), and would serve as a guide for exporting
25 firms' decision-making related to resource allocation and strategic marketing plans.
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38 Investigations into mechanisms that link EMO to export performance have been
39 patchy and largely based on data obtained from Western industrialised settings (Murray *et al.*,
40 2011), yet limited studies have examined simultaneous mediation and moderation paths from
41 EMO to export performance from a developing-economy market perspective. The purpose of
42 this study is to bridge this gap in the exporting literature by modelling the intervening
43 processes and conditioning factors that connect EMO to export performance in a developing
44 economy setting.
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53 Drawing on the notion of strategic orientations and organisational learning process, this study
54 contributes to the export market orientation in two ways. First, a review of the exporting
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3 literature reveals that our understanding of how exporting firms can leverage their export
4 market knowledge resources to achieve success and the conditions under which export
5 market orientation pays off is limited. Indeed, Cadogan (2012) calls for export researchers to
6 develop theory-rich models of the consequences of export market orientation by examining
7 key conditioning effect relationships. This study responds to this call by drawing insights
8 from the resource-based view (RBV) and organisational learning theory to investigate of the
9 effect of export market oriented culture on export performance through export learning
10 capability intervention and under differing conditions of environmental turbulence. By so
11 doing, this study connects literature streams on market orientation and export market
12 orientation to develop a cultural conceptualisation of export market orientation. Hitherto,
13 most studies have focused on the information based conceptualisation of market orientation
14 which has been extrapolated to the export context (e.g. Cadogan et al., 1999; Akyol and
15 Akehurst, 2003). We pioneer and integrate the cultural conceptualisation on market
16 orientation (Narver and Slater, 1990) to an export context in a developing economy.
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34 Second, the study provides a novel attempt to house export learning capability within
35 a study of export performance antecedents. Unlike prior studies (e.g., Souchon *et al.* 2012;
36 Villar *et al.* 2014), this study posits that moderating effect of export environment turbulence
37 bridges the gap in the exporting and organisational learning literature concerning the
38 boundary conditions of the export learning capability–export performance relationship. In
39 essence, this study extends the frontiers of export marketing knowledge by exploring a
40 moderated mediation relationship to explain the export performance implications of
41 possessing an export market oriented culture within the context of a developing economy.
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2.0. Literature Review

The extant market orientation (MO) literature suggests five prevalent conceptualisations of MO: market intelligence, cultural, strategic, decision making, and customer conceptualisation (Lafferty and Hult, 2001). However, the cultural perspective of the MO concept identifies three behavioural elements – customer orientation, competitor orientation, and inter-functional coordination – as the foundation for building an MO culture within an organisation (Narver and Slater, 1990). The extensive work conducted on the MO–performance relationship has reached beyond domestic contexts to include export markets, and numerous studies have examined that relationship. Cadogan *et al.* (1999) conceptualise EMO as having “three behavioural components – export intelligence, dissemination, and responsiveness – plus an integrative dimension (a coordinating mechanism)” (p. 690), from which they created a measure of EMO that followed the conceptualisation of market orientation by Kohli and Jaworski (1990) that stressed that market intelligence should be diffused to all functional departments within an organisation, and that prompt responses be made based on information received. Murray *et al.* (2007) defined EMO as the ceaseless observation of an organisation’s competitors, customers, and external environments to provide desirable products to customers in global export markets. While several studies have been done to explain the extant EMO–export performance relationship, there are calls for further investigation into the factors which influence the relationship (Zahra and Gravis, 2000; Cadogan *et al.*, 2003; Murray *et al.*, 2011).

Harris (2001) observes that the information-based conceptualisation of market orientation has been criticised on theoretical and methodological grounds (Diamantopoulos and Hart, 1993; Oczkowski and Farrell, 1998), but the culture-based perspective has been widely praised (Greenley, 1995; Menguc, 1996; Appiah-Adu and Ranchhod, 1998; Kumar *et al.*, 1998). EMO research has also focused on the market intelligence perspective (Cadogan *et*

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3 *al.*, 1999; Cadogan *et al.*, 2002; Murray *et al.*, 2007, 2011). While the different perspectives
4
5 are plausible and have contributed to an understanding of market orientation concept, this
6
7 study builds on the cultural conceptualisation (Narver and Slater, 1990) to explain how EMO
8
9 drives export performance.
10

11 Table 1 provides a summary of extant research findings that have drawn insights from
12
13 the various perspectives to explain how market orientation shapes performance within the
14
15 contexts of firms' domestic and export market operations. The existence of a positive and
16
17 significant relationship between EMO and export performance dominates studies that have
18
19 examined exporting firms in Western contexts (Kwon and Hu, 2000; Rose and Shoham, 2002;
20
21 Cadogan *et al.*, 2003; Murray *et al.*, 2011). Studies linking MO and performance in a
22
23 domestic context also shows similar pattern of results (Cano *et al.*, 2004; Kirca *et al.*, 2005;
24
25 Ellis, 2006).
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29
30 - Table 1 about here -
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32 Within Western industrialised contexts, Cadogan *et al.* (2002) observe that EMO is
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34 strongly linked to export success regardless of environmental turbulence. Additionally,
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36 Diamantopoulos *et al.* (2000) find a strong positive relationship between EMO and
37
38 performance measures. In domestic market settings, Narver and Slater's (1990) study reveals
39
40 a strong positive relationship between MO and return on investments, and Ruckert (1992)
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42 observes a positive link between MO and sales growth and profitability among five strategic
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44 business units (SBUs). Slater and Narver (1994) and Kumar *et al.* (1998) report similar
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46 findings among SBUs and hospitals. Pelham and Wilson (1995) and Pelham (1999, 2000)
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48 report a significant influence of MO on performance irrespective of industry peculiarities,
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50 competitive environment, or strategic tactics employed by firms. Slater and Narver (2000),
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52 Matsuno *et al.* (2002) and Kara *et al.* (2005) all find a positive MO-performance
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54 relationships. Other studies have shown that EMO deployed outside Western industrialised
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3 context impacts positively on export performance (e.g., Kwon and Hu (2000) in South Korea;
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5 Rose and Shoham (2002), in Israel; Cadogan *et al.* (2003) in Hong Kong; and Akyol and
6
7 Akehurst (2003) in Turkey).

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10 Despite the substantial empirical evidence of a positive significant relationship
11
12 between MO and performance in exporting and domestic contexts, some studies observe
13
14 contrary findings. In the domestic realm, Jaworski and Kohli (1992, 1993) find that although
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16 MO is positively linked to overall firm performance, without organisational commitment,
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18 MO is not linked to market share and return on equity. Also, Morgan *et al.* (2009) find that
19
20 while MO has a direct impact on return on assets, it does not exert the same influence on
21
22 market effectiveness. Rose and Shoham (2002) find that exporting firms EMO is not
23
24 significantly related to export sales. Cadogan *et al.* (2003) observe that although EMO was
25
26 linked to export growth, it was not related to export sales efficiency or export profit. Souchon
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28 *et al.* (2012) show that a quadratic, rather than a linear relationship, exists between market
29
30 information responsiveness and export growth. In domestic contexts, some scholars
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32 (Diamantopoulos and Hart, 1993; Greenley, 1995; Harris, 2001) find a weak evidence to
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34 support a positive MO–performance relationship. The mixed findings suggest that market
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36 orientation, whether observed in exporting or non-exporting context, does not always predict
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38 export performance.

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43 Given the conflicting findings on market orientation and its effect on performance,
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45 some exporting studies have attempted to examine mediational paths between EMO and
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47 export performance. For example, Murray *et al.* (2011) find empirical evidence to support
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49 full mediating roles of marketing capabilities (e.g., pricing, marketing communication, and
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51 new product development) on the EMO–export performance relationship. Domestically,
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53 Deshpande *et al.* (1993) and Han *et al.* (1998) identified mediating effects of innovation on
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55 the MO–performance relationship. Additionally, Im and Workman Jr (2004) find that new
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3 products and creative marketing programs mediate the MO–product success relationship.
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5 Mavondo *et al.* (2005) observe that human resource practices are important mediators that
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7 exert a positive impact on performance. A meta-analysis by Kirca *et al.* (2005) reveals that
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9 innovativeness, customer loyalty, and quality partially mediated the MO–performance
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11 relationship. Noble *et al.* (2002) observe that organisational learning positively mediates the
12
13 relationship between competitor orientation and return on assets. Additionally, Olavarrieta
14
15 and Friedmann (2008) observe that knowledge based resources mediate the MO–performance
16
17 relationship.
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21 While some studies have focused on explaining the causal intervening paths that
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23 connect MO/EMO to performance outcomes, others have focused on examining moderating
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25 influences. For example, Kwon and Hu (2000) find a significant moderating effect of export
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27 environmental turbulence on the EMO–export performance relationship among Korean
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29 exporting firms. Similarly, Cadogan *et al.* (2003) find a partial support for the moderating
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31 effect of competitive intensity and technological turbulence on the EMO–export performance
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33 relationship in Hong Kong exporting manufacturers. Han *et al.* (1998) find that MO enhanced
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35 technical and administrative innovation when technological turbulence is high. Scholars have
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37 (e.g., Kumar *et al.*, 1998; Olavarrieta and Friedmann, 2008) reported moderating effects of
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39 market turbulence, technological turbulence, competitive hostility, and supplier power on the
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41 MO–performance relationship. Therefore, a major conclusion is that the effect of EMO on
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43 export performance is likely to be contingent upon export market environment conditions.
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48 Interestingly, even studies on the moderating effect relationships have produced
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50 mixed findings. For example, while Cadogan *et al.* (2002) find no moderating effects of the
51
52 export market environment on the EMO–export performance relationship in their study of
53
54 206 U.S. exporting firms, several other studies focusing on firms' domestic operations (e.g.,
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56 Jaworski and Kohli, 1992, 1993; Slater and Narver, 1994; Subramanian and Gopalakrishna,
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2001) find only a little evidence to show a moderating effect of the external environment on the MO–performance relationship. Likewise, a meta-analysis of 114 empirical studies by Kirca *et al.* (2005) conclude that external environment factors do not influence the MO–performance relationship. These conflicting evidence, therefore, suggest two important ways to extend the EMO-export performance relationship: (1) the need to examine more complex relationships to incorporate mediation and moderation models; and (2) the need to take context into account when theorizing about the EMO-export performance relationship. Figure 1 summarizes this study’s proposed theoretical framework to extend the existing exporting literature. In the sections that follow next, this study attempts to account for these two areas of extending the export marketing literature.

- Figure 1 about here -

3.0 Hypothesis Development

3.1. *Export Market-Oriented Culture and Export Performance*

Organisational culture has been defined by various scholars in prior studies (e.g. Kilman *et al.*, 1986; Schein, 1992), but is generally understood to be a set of ingrained values and beliefs that become a platform for the development of systemic norms and behaviours (Deshpande and Webster, 1989; Schein, 1990). In this study, organisational culture is defined as a “*pattern of shared values and beliefs that help individuals understand organisational functioning and thus provide them norms for behaviour in the organisation*” (Deshpande and Webster, 1989, p.4). Narver and Slater’s (1990) conceptualisation of market orientation as an organisational culture can be related to the export context with EMO elements of export customer orientation, export competitor orientation, and inter-functional coordination. EMO is, therefore, inherent in and reflected by a firm’s overall culture (Narver and Slater, 1998). Firms with a market-oriented culture exhibit a proclivity to set norms of behaviour that

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3 respond swiftly to customer values and export market information (Slater and Narver, 1995).

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5 EMO is reflected in a firm's culture when it is developed to form a firm's foundational belief
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7 system (Narver and Slater, 1990, 1998).

8
9 Building on the seminal work of Narver and Slater, Homburg and Phlösser (2000)
10 conceptualised MO as an organisational culture that is reflected in a firm's shared values,
11 behavioural norms, artefacts, and behaviours. Shared values are distinguishing attributes of a
12 group which exerts enormous influence on behaviours (Kluckhohn, 1951). Norms derived
13 from shared values and determine acceptable behaviours (Thibaut and Kelley, 1959; O'Reilly,
14 1989). Artefacts include rituals, language, and stories (Trice and Beyer, 1993). In examining
15 EMO from a cultural perspective, this study draws on the tenets of RBV to argue that EMO
16 culture is a firm-specific idiosyncratic resource that forms the foundation for developing
17 knowledge about export markets (Baker and Sinkula, 1999; Hunt and Morgan, 1996; Celuch
18 *et al.*, 2002). Drawing on the RBV construction, this study conceptualises EMO culture as an
19 idiosyncratic organisational resource: a complex bundle of attributes developed over time to
20 become the basis for organisational policies, strategic decision-making, and export
21 performance. As a firm's proclivity for understanding present and future consumer needs,
22 monitoring of competitors, and coordination of internal departmental functions become
23 characteristics of its EMO (Narver and Slater, 1990), the firm increases its competitive
24 advantages because it is able to make better decisions about the best blend of resources to
25 generate superior performance in its export markets.
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47 Consistent with this RBV reasoning, extant literature has documented a positive link
48 between EMO and export performance among exporting firms in the United States (Cadogan
49 *et al.*, 2002), Hong Kong (Cadogan *et al.*, 2003), India (Rose and Shoham, 2002), China
50 (Murray *et al.*, 2007, 2011), Philippines (Souchon *et al.*, 2012), and Korea (Kwon and Hu,
51 2000). Accordingly, this study hypothesizes that:
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3 *H1: Export market-oriented culture is positively related to export performance.*
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7 **3.2. The Mediating Role of Export Learning Capability** 8

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10 Though theoretical arguments and empirical evidence suggest a positive relationship between
11 EMO and export performance, a review of a range of studies reveals mixed results regarding
12 the nature of this relationship (e.g., Rose and Shoham, 2002; Cadogan *et al.*, 2003; Souchon
13 *et al.*, 2012). According to Murray *et al.* (2011), one way to explain these inconsistencies is
14 to account for the mechanisms through which EMO impacts export performance. This study
15 proposes that one such mechanism by proposing export learning capability as a channel that
16 may connect EMO to export performance.
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25 An export learning capability is important because, compared to domestic markets,
26 complex export environments are more turbulent and vulnerable to external pressures
27 (Souchon *et al.*, 2012). The relative potency of a learning capability relies on the ability of a
28 firm to acquire and disseminate knowledge across functional units, thereby generating within
29 the organisation a shared interpretation of export environment opportunities and challenges.
30 Understanding the causal chain connecting EMO to export performance via export learning
31 capability is consistent with the dynamic capability literature that identifies internal
32 organisational processes as capabilities that connect firm resources to marketplace advantages.
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43 Organisational learning theory posits that, along with learning from experience,
44 competitive advantages derive from information garnered from internal and external sources
45 (Day, 1994). The processes of learning about export markets provide an organisation with
46 insights and capabilities that transform EMO proclivities into organisational competencies
47 (Jiménez-Jiménez and Cegarra-Navarro, 2007) that enable firms to convert valuable, rare,
48 inimitable, and non-substitutable EMO into positive export performance (Lado and Wilson,
49 1994; Helfat, 1997; Teece, 2007). This transformational process occurs as employees gain a
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3 better understanding of how to use export market intelligence to create routines and processes
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5 that engender superior, value-enhancing export market strategies (Nelson and Winter, 1982).
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7 The export learning literature proposes that transformational competencies enable an
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9 organisation to “advantageously convert inputs into outputs” (Lado *et al.*, 1992, p. 85), by
10
11 applying learned capabilities to the deployment of strategies to address a competitive
12
13 environmental landscape (Eisenhardt and Martin, 2000; Makadok, 2001).
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16 Extant research on domestic market orientation supports the ideas related to dynamic
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18 capability thinking as empirical evidence of a positive relationship between MO and
19
20 organisational learning, and between organisational learning and performance (Hurley and
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22 Hult, 1998; Baker and Sinkula, 1999; Hanvanich *et al.*, 2006; Zhao *et al.*, 2011). Given the
23
24 strong theoretical base and emerging empirical evidence, this study argues that export
25
26 learning capabilities serve as a channel through which EMO impacts export performance.
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29 H2: (a) *Export market-oriented culture is positively related to export learning capability; and*
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31 *(b) export learning capability is positively related to export performance; hence export*
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33 *learning capability mediates the effect of export market-oriented culture on export*
34
35 *performance.*
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38 39 **3.3. The Moderating Effect of Export Environmental Turbulence**

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41 Export environmental turbulence entailing changes within an export market that are beyond
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43 the control of an exporting firm can be experienced as customer turbulence or competitor
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45 turbulence (Johnson *et al.*, 2003; Hanvanich *et al.*, 2006). Customer turbulence refers to the
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47 dynamic nature of customer demands over time (Jaworski and Kohli, 1993; Helfat *et al.*,
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49 2007). A turbulent export customer environment is generated by new customers with needs
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51 different from existing customers and/or by existing customers with constantly changing
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53 tastes and preferences (Hanvanich *et al.*, 2006). To succeed in such environments,
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55 organisations must adapt strategies to modify their product offerings and delivery methods to
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3 meet customer expectations (Moorman and Miner, 1997). The relationship between export
4 learning process and export performance should be stronger in highly turbulent export
5 environments than in less turbulent export environments (Hanvanich et al., 2006).
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10 Competitor turbulence, the level of competition within the export market, has been
11 shown to affect an organisation's export profitability level (Kohli and Jaworski, 1990).
12 Organisations operating in highly competitive export markets need effective export learning
13 processes to maintain awareness of the options offered to their customers by competitors
14 offering similar products and services (Jaworski and Kohli, 1993). Export learning capability
15 helps firms generate new ideas and competitive advantages by studying competitors'
16 strategies and actions as well as changing consumer demands. Therefore, it is hypothesized
17 that the effect of export learning capability on export performance is more likely to be
18 strengthened in highly competitive export market environments than in less competitive
19 environments. Accordingly, this proposes that:
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32 *H3: The effect of export learning capability on export performance is strengthened when*
33 *levels of export environmental turbulence are high.*
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37 **4.0. Methodology**

38 **4.1. Research Setting and Sampling Approach**

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40 To test the proposed theoretical model, this study collected archival and primary data from
41 exporting SMEs in Nigeria. Two factors informed the choice of Nigeria: First, Nigeria is the
42 largest economy in Sub-Saharan Africa with an estimated 173.60 million people, estimated
43 gross domestic product (GDP) of US\$1.109 trillion and 6.2 percent annual growth rate in
44 2014; and estimated growth at 7.1 percent in 2015 (Barungi, 2014). In addition to Nigeria's
45 estimated US\$1.1 trillion foreign direct investment (FDI) stock, this economy is also
46 experiencing rapid growth in key non-oil sectors including agro-processing, information and
47 communication technology, and financial services. This economic diversity has generated
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3 significant interest in Nigerian SMEs as an engine of growth within the non-traditional
4
5 exporting sector.
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8 The second factor that led to the focus on Nigeria was that like many Sub-Saharan
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10 African democracies, Nigeria operates an open market economy that has led to an increased
11
12 presence of privately-owned SMEs with significant exporting operations across neighbouring
13
14 African markets and beyond. With its burgeoning economic outlook, Nigeria provides a
15
16 strong economic context to test how and when EMO drives export performance.
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19 Additionally, Nigeria has a thriving economic sector which makes significant
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21 contributions to the economic development of West Africa (Jackson, 2004; Serkin, 2015).
22
23 Nigeria is internationally recognised as the “Giant of Africa” with an estimated population of
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25 187 million, making it the seventh most populous country in the world and it is projected to
26
27 have 398 million people by 2050 after India, China, and the United States (Population
28
29 Reference Bureau, 2016). Furthermore, Nigeria occupies the 169th position in the 2016 World
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31 Bank ranking of 189 economies on the ease of doing business (World Bank, 2016).
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35 Therefore, among its West African counterparts, Nigeria is one of the most promising
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37 emerging markets and a popular choice of foreign direct investments (Nyuur and Debrah,
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39 2014; Serkin, 2015; Amankwah-Amoah *et al.*, 2016). Interestingly, Nigeria relies heavily on
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41 income from oil production and exports and is the world’s eighth largest oil producer
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43 (Agbibia, 2012). This depicts the high level of Nigerian exports in the oil industry among
44
45 others. The exporting SMEs investigated into in this study were operational in various
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47 industries such as food products, clothing, textiles, paper and allied products, printing,
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49 chemicals, petroleum, and rubber plastics among others. The choice of Nigeria is, therefore,
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51 pivotal and the economy and business climate present rich grounds to conduct research on
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53 export market-oriented culture and its influence on export performance.
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3 It is well noted in the developing economy literature that it is difficult to identify a
4 single database of internationally active small businesses in developing countries, and Nigeria
5 is no exception given its largely under-developed infrastructure (Khavul *et al.*, 2010). For that
6 reason, this study relied on multiple data sources consistent with previous developing-
7 economy research to build a sampling frame of exporting SMEs (e.g., Zahra *et al.*, 2000;
8 Khavul *et al.*, 2010). One source was Nigeria's Small Business Bureau directory of SMEs.
9 Given that this database contains both exporting and non-exporting organisations, extensive
10 telephone calls to key decision makers in the companies helped tease out non-exporting
11 organisations. The Nigerian business directory yielded an additional list of SMEs actively
12 involved in exporting operations. Both directories provided names, addresses, and telephone
13 numbers of senior company executives or chief executive officers, including lead
14 entrepreneurs.

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30 Given the inaccuracies associated with databases from developing countries, the
31 organisations were contacted via telephone to evaluate their eligibility for the study, verify
32 contact details, and identify key informants. This screening process identified 830 active
33 exporting SMEs. Senior managers involved in the firms' strategic export decision-making
34 were asked to respond to a questionnaire that was administered in person. The local branch
35 of an international research consultancy firm with highly trained field researchers was hired
36 to administer the questionnaires under the supervision of a trained research officer associated
37 with this study. Five responses were eliminated as a result of extensive missing data or failure
38 to participate in a post hoc informant quality test (see Morgan *et al.*, 2012) and ultimately,
39 258 useable responses were obtained.

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52 To minimize the threat of common method bias, and maximize our ability to make
53 causal inferences, finance managers in the participating firms were contacted 12 months after
54 the first survey to obtain data on the firms' export performance indicators. Valid responses
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3 were obtained from 249 firms, 30 percent of the original 830 item database. The analyses are
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5 based on the matched responses. To assess non-response bias, study constructs of early and
6
7 late respondents were compared: results showed no significant differences. A comparison of
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9 49 randomly selected non-participant firms to the 249 respondents revealed no significant
10
11 differences on the scope of exporting, sales revenues, or time in the exporting business.
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14 Recommended procedural remedies were followed to control for potential common
15
16 method bias (Podsakoff *et al.*, 2012). Both primary and archival data sources and a multiple-
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18 informant design were employed to test the hypotheses. Harman's one-factor test to refute the
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20 issue of common method bias, indicated a very poor fit. Consequently, common method bias
21
22 does not appear to pose a problem in this study.
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25 The sampled firms operated in industries that are characteristic of developing
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27 economies: food products, apparel, textiles, leather, wood products, furniture, fixtures, paper
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29 and allied products, printing, chemicals, petroleum, rubber plastics, stone, glass, clay, cement,
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31 metal fabrication, machines, equipment, instruments, medical, and optical goods, measuring
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33 devices and electronics. The firms employed an average of 86 employees. At the time of this
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35 study, on average, the firms had been exporting for more than 19 years to 18 countries and
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37 export sales accounted for 54.63 percent of total annual sales.
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41 **4.2. Measure development**

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43 *Export market orientated culture:* The 1990 Narver and Slater market orientation measure
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45 was adapted to examine the exporting context for this study. Accordingly, EMO is measured
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47 as a multidimensional construct comprising of export customer orientation, export competitor
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49 orientation, and inter-functional coordination.
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53 *Export learning capability:* This construct was measured with an adapted version of
54
55 the five-dimensional organisational learning scale developed and validated by Tippins and
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57 Sohi (2003). The scale captures the extent of export information acquisition, dissemination,
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3 shared interpretation, and memorisation (i.e., declarative and procedural memories). This
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5 study's measure of the learning capability construct produced a four-dimensional factor
6
7 structure as declarative and procedural memories loaded on a single factor (see Table 2).
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10 *Export environment turbulence:* This measure was captured on a four-item scale
11
12 adapted from prior research (Achrol and Stern, 1988) to tap the extent of uncertainty of
13
14 export customer preferences and demands and degree of difficulty in predicting export
15
16 market competitors' strategies.
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19 *Export performance:* An adapted version of financial performance measure developed
20
21 by Gupta and Govindarajan (1984) and subsequently used by Covin *et al.* (1990) and Siren *et*
22
23 *al.* (2012) was used to capture the export performance construct. The scale contained five
24
25 items that captured finance managers' satisfaction with return on export investments, export
26
27 cash flow, export profit to export sales ratios, net profit from export operations, and gross
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29 profit margin from export operations. To validate these perceptual measures, objective
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31 information was obtained from the firms' archival records (e.g., annual reports, accounts
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33 records): total annual export profit margin, total annual export sales, total annual return on
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35 export sales, and total annual return on export market investments. A strong correlation was
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37 found between the two sources of export performance measures.
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41 *Control variables:* To control for firm heterogeneity effects on export performance,
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43 six variables were included in the study: organisational structure comprised of formalisation
44
45 and centralisation, annual R&D expenditure, export duration (the number of years a firm had
46
47 been exporting), firm size (total number of full-time employees), scope of exporting (the
48
49 number of foreign country-markets that a firm served), and industry type.
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51 52 **4.3. Measure Evaluation**

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54 To estimate construct validity, a CFA model was conducted in LISREL 8.5 using the
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56 maximum likelihood estimation procedure. In line with model fit guidelines proposed by
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3 Bagozzi and Yi (2012), a number of goodness of fit indices were observed: Chi-square (χ^2) =
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5 1706.14; Degrees of Freedom (DF) = 1002; Root Mean Square Error of Approximation
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7 (RMSEA) = 0.053; Non-Normed Fit Index (NNFI) = 0.92; Comparative Fit Index (CFI) =
8
9 0.93; and Standardized Root Mean Residual (SRMR) = 0.04. The lowest composite
10
11 reliability (CR) value was 0.78 which exceeded the threshold of 0.60. The lowest Average
12
13 Variance Extracted (AVE) was 0.55, which is above the recommended threshold of .50, an
14
15 indication of convergent validity (Bagozzi and Yi, 2012).
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19 Discriminant validity was examined in two ways. First, a procedure formulated by
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21 Fornell and Larcker (1981) was employed, and it showed that for all constructs the AVE
22
23 values were higher than the squared correlations. Second, in accordance with Anderson and
24
25 Gerbing (1988) procedures, Chi-square difference tests were performed and the results
26
27 showed significant Chi-square differences ($\Delta\chi^2(1) \geq 3.84$, $p < 0.05$) between the constrained
28
29 and unconstrained models, indicating the presence of discriminant validity. Table 2 shows
30
31 measurement model results, and Table 3 presents the correlation matrix and descriptive
32
33 statistics.
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37 - Table 2 and Table 3 about here -
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39 ***4.4. Hierarchical Mediated Moderation Regression Analysis***

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41 To test the hypothesized relationships of the theoretical model, a hierarchical moderated
42
43 regression was undertaken. In accordance with Aiken and West (1991), variables used for
44
45 interaction effects were mean-centered to minimize multicollinearity. Subsequently, all three
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47 hypotheses were tested within six estimated nested models for both objective export
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49 performance measures and perceptual export performance measures. Table 4 reports the
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51 regression coefficients for objective measures and the results of our analysis using perceptual
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53 measures are qualitatively similar. For both analyses, Model 1 regressed export learning
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3 capability (as a dependent variable) on EMO. Findings showed that EMO ($\beta = .26$, $t = 6.97$)
4
5 was positively and significantly related to export learning capability at 1% significance level.
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8 Similar procedures were followed to link export learning capability to both objective
9
10 and perceptual export performance measures. In Model 2, all control variables were added to
11
12 the model in addition to the main effects of EMO. For Model 3, EMO was included as one of
13
14 the control variables while the main effect of export learning capability to export
15
16 performance was investigated. In Model 4, the controls and the main effect of EMO were
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18 estimated while accounting for export environmental turbulence. Model 5 estimated the
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20 controls, main effects of EMO, and export learning capability alongside export environmental
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22 turbulence. Model 6 included the controls and the direct effect paths together with the
23
24 product-terms for export learning capability and export environmental turbulence.
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28 Results show that Model 6 had the highest level of variance explained at 18 percent,
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30 which is an additional 2 percent variance than that explained by lower-order models.
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32 Accordingly, the study relies on Model 6 to interpret the findings.
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35 Export market orientation is hypothesized to be positively related to export
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37 performance in Hypothesis 1. Findings showed a positive, non-significant effect of EMO on
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39 export performance ($\beta = .07$, $t = .97$). However, EMO is positively related to export learning
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41 capability ($\beta = .26$; $t = 6.97$) at the 1% level of significance, supporting Hypothesis 2a.
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43 Hypothesis 2b proposes that export learning capability is positively related to export
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45 performance and therefore mediates the effect of EMO on export performance. However,
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47 findings showed a non-significant relationship between the export learning capability and
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49 export performance ($\beta = -.09$, $t = -.79$). Regarding the interaction effects of export learning
50
51 capability and export environmental turbulence on export performance, findings showed that
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53 a negative relationship is observed at 5 percent level of significance ($\beta = -.47$, $t = -.2.31$).
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55 Therefore, the effect of EMO on export performance is indirect through export learning
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3 capability and under conditions of low export market environment turbulence. Following
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5 Aiken and West (1991), we plotted the relationship between export learning capability and
6
7 export performance under differing levels of export environment turbulence. Specifically, we
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9 estimated the effects of export learning capability on export performance under high (one
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11 standard deviation above the mean values) versus low (one standard deviation below the
12
13 mean values) of the export environment turbulence. Figure 2 shows that the moderating effect
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15 of export environment turbulence is driven by low export environment turbulence, which
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17 enhances export performance when paired with high export learning capability.
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21 - Table 4 about here -
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24 -Figure 2 about here -
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28 29 **5.0. Discussion**

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31 This study sets out to examine the export learning mechanism and export market environment
32
33 boundary conditions under which export market-oriented (EMO) culture impacts on the
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35 export performance of developing economy exporting firms. This study revealed intriguing
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37 relationships, some of which are consistent with those hypothesised while others were
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39 contrary to expectations. The first hypothesis posed an expectation regarding the nature of the
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41 relationship between EMO culture and export performance. Our findings showed that EMO
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43 culture is positively related to both objective and perceptual export performance measures.
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45 Prior studies (Diamantopoulos *et al.*, 2000; Akyol and Akehurst, 2003; Murray *et al.*, 2007,
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47 2011) documented significantly positive relationships between EMO and export performance.
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49 The findings of this study are consistent with prior research in observing a positive EMO–
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51 export performance relationship in an emerging economy like Nigeria. This implies that for
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53 exporting firms in developing economies, EMO leads to superior export performance
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55 outcomes.
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3 Our second hypothesis (Hypothesis 2a) was supported which proposed that export
4 market-oriented culture is positively related to export learning capability. As such, an
5 organisation implementing an export market-oriented culture can easily develop capabilities
6 in the export learning process of their business operations. However, Hypothesis 2b was
7 partly supported which proposed that export learning capability is positively related to export
8 performance and export learning capability mediates the effect of export market-oriented
9 culture on export performance. Contrary to expectations, findings showed that export
10 learning capability is negatively related to objective and perceptual export performance. This
11 surprising result led to further analyses to uncover the nature of this relationship.
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23 These analyses revealed that the export performance measure used determined the
24 nature of the export learning capability–export performance relationship. The squared term of
25 export learning capability was negatively related to objective export performance but
26 positively and significantly related to perceptual export performance. Hence, the relationship
27 between export learning capability and export performance can either be inverse an U-shaped
28 or J-shaped depending on which export performance variable is measured, thus extending
29 Souchon *et al.*'s (2012) finding of inverse U-shaped link between export learning and export
30 growth. The finding of a negative relationship between export learning capability and export
31 performance is an addition to the existing EMO literature as few studies have examined the
32 mechanisms through which EMO results in export performance (e.g. Murray *et al.*, 2011).
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48 Our third hypothesis postulated that the effect of export learning capability on export
49 performance is strengthened when levels of export environmental turbulence are high.
50 However, our findings do not support this hypothesis as we observe that high levels of
51 environmental turbulence inhibit the positive effect of export learning capability on export
52 performance. Hence, exporting firms operating in highly hostile environments will likely
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3 experience reduced profitability even if they exhibit high competency in export learning
4 capabilities. Therefore, export learning capability is only beneficial for export performance
5 when export competition activities and export environment are predictable.
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10 Furthermore, our results reveal that changes in export performance of exporting firms
11 in a developing economy like Nigeria is a function of two key forces: (1) an indirect effect of
12 an increasing EMO via low to average levels of export learning capability, and (2) fit
13 between an increasing export learning capability and low export competitive market
14 turbulence. Similar findings were reported by Zahra and Garvis (2000) who observed that
15 intensive environmental hostility and competitive intensity result in increased operational
16 costs that make it difficult for a firm to garner additional market shares. Thus, firms operating
17 in highly competitive and hostile export environments might experience a reduction in export
18 performance due to decreasing profitability and diminishing returns (Zahra and Covin, 1995).
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30 This study's finding of a negative relationship between export learning capability and
31 export performance is contrary to that of Cadogan *et al.* (2003) who observed that under
32 conditions of high competitive intensity, the EMO-export performance relationship was
33 stronger among 137 Hong Kong manufacturing exporters, an indicator that EMO plays a
34 crucial role in determining export performance in highly competitive export environments.
35 However, findings from this study of Nigerian exporting firms showed that the reverse was
36 the case. This suggests that EMO is most important when export learning capability and
37 export competitive intensity are low and stable because export environmental turbulence
38 exerts a negative effect on the EMO-export learning capability-export performance chain.
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50 This paper makes two major contributions to the understanding of the export
51 performance of SMEs in developing economies. First, EMO should be consistently
52 implemented with average levels of export learning capability to result in superior export
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3 performance outcomes. Second, high levels of export learning capability are only beneficial
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5 when competitive turbulence in export markets is low.
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8 **6.0. Managerial Implications**

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10 Export marketing managers of firms in developing economies like Nigeria need to be
11 cautious in their resource allocation and competitive strategies. Our study shows that EMO
12 culture, which is indirectly linked to export performance, is just the first step in ensuring
13 superior export performance. Export managers' attention should be directed to the underlying
14 mechanisms of export learning capabilities to ensure sustainable competitive advantages in
15 export markets. Such attention should include the development of export learning capabilities
16 by understanding customer needs and wants and competitor strategies, and by constantly
17 monitoring export environmental landscape.
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21 Furthermore, managers are urged to be attentive to the importance of being proactive
22 and taking calculated risks when operating in highly competitive export markets as export
23 performance can be inhibited when competitive activities and turbulence increases in
24 developing economies (Werner *et al.*, 1996; Zahra and Gravis, 2000). In developing
25 economies such as Nigeria, emphasis should not be placed on export learning capabilities
26 alone, but this should be leveraged when the export market environment is less hostile. This
27 implies that managers of exporting firms in developing economies should be aware of the
28 complex processes to be undertaken to ensure that EMO efforts help increase export
29 performance through export learning capability while taking environmental factors, such as
30 highly competitive export markets, into consideration (Zahra and Gravis, 2000). In sum, this
31 paper lends support to the need for exporting firms in developing countries to focus on
32 building and maintaining EMO and ensuring a well-structured export learning capabilities,
33 which is most effective in less competitive and turbulent export environments.
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3 Additionally, our findings serve as a blueprint for current and potential investors for
4 developing economies such as Nigeria. High levels of caution need to be taken for export
5 ventures into highly hostile environments even if such exporting firms have global business
6 experience. This is especially crucial as the interplay of environmental factors and export
7 learning capability is not likely to yield positive business and profitability outcomes. This is
8 pertinent as Nigeria is a promising emerging market and a popular destination for foreign
9 direct investments (Nyuur and Debrah, 2014; Serkin, 2015).
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18 Our findings are relevant to governmental regulatory bodies such as the Nigerian
19 Export Promotion Council (NEPC) as our results can pinpoint plausible reasons of some
20 unsuccessful Nigerian exporting ventures. This study sheds light on best practice in
21 conducting exporting business activities for Nigerian SMEs which will help to increase the
22 rate of successful exporting enterprises in the near future. Specifically, this study indicates
23 that policymakers should focus on ways to help SMEs improve their limited resources and
24 learning capabilities. This will assist in ensuring that exporting SMEs pool their scarce
25 resources and focus on markets that are environmentally and competitively stable to ensure
26 that superior performance and profitability outcomes are realised.
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38 Furthermore, the findings of this study can enhance executive educational curriculums
39 in Nigeria's top business schools, universities, and professional bodies. Our findings can be
40 used to fine-tune educational curriculums in educational institutions to guide managers of
41 exporting firms in the right direction of resource allocation and market selection for domestic
42 and international expansion. Executive managers of exporting firms need to be enlightened
43 on the optimal marketing strategies to be implemented. As such, business schools and
44 professional bodies in Nigeria can utilise the findings of this study in informing export
45 strategy programmes for top level executives and managers. Our data was obtained from over
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3 twenty (20) industries in Nigeria and is, therefore, rich in terms of depth which makes it
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5 applicable and useful for virtually all industries in Nigeria.
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8 Therefore, our findings are relevant and applicable to a range of stakeholders
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10 including exporting SMEs, managers in exporting firms, domestic and foreign investors,
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12 policy makers, governmental bodies, professional bodies, business schools and universities in
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14 Nigeria.
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16 17 18 **7.0. Study Limitations and Avenues for Future Research** 19

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21 This study has a number of limitations that provide pathways for future research endeavours.
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23 It would be expedient to examine moderators of the link between export market oriented
24
25 culture and export learning capability as this was beyond the scope of this study. As such,
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27 uncovering various moderating influences which influence the relationship between export
28
29 market oriented culture and export learning capability would be phenomenal.
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32 Also, it would be especially interesting to examine internal organisational moderators that
33
34 influence the relationship between export learning capability and export performance. This
35
36 study only examines one external moderator (export environmental turbulence), however,
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38 internal organisational moderators play significant roles in linking export learning capability
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40 to export performance. Examining such internal organisational moderators would shed more
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42 light on the contingency effects within the control of an organisation which can have an
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44 impact on the relationship between export learning capability and export performance.
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48 This study examines the dynamics of the relationship between export market-oriented
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50 culture, export learning and export performance from a developing economy perspective. It
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52 would, therefore, be worthwhile for future research to conduct direct comparative studies that
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54 expatiate on the similarities, peculiarities and dissimilarities between developed and
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3 developing economies. This has the potential of making invaluable contributions to the
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5 export market orientation literature stream and expanding the frontiers of knowledge.
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8 Lastly, future research may consider the examination of the configuration of relationships
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10 between export learning, internal and external export environmental forces and their joint
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12 effect on export performance.
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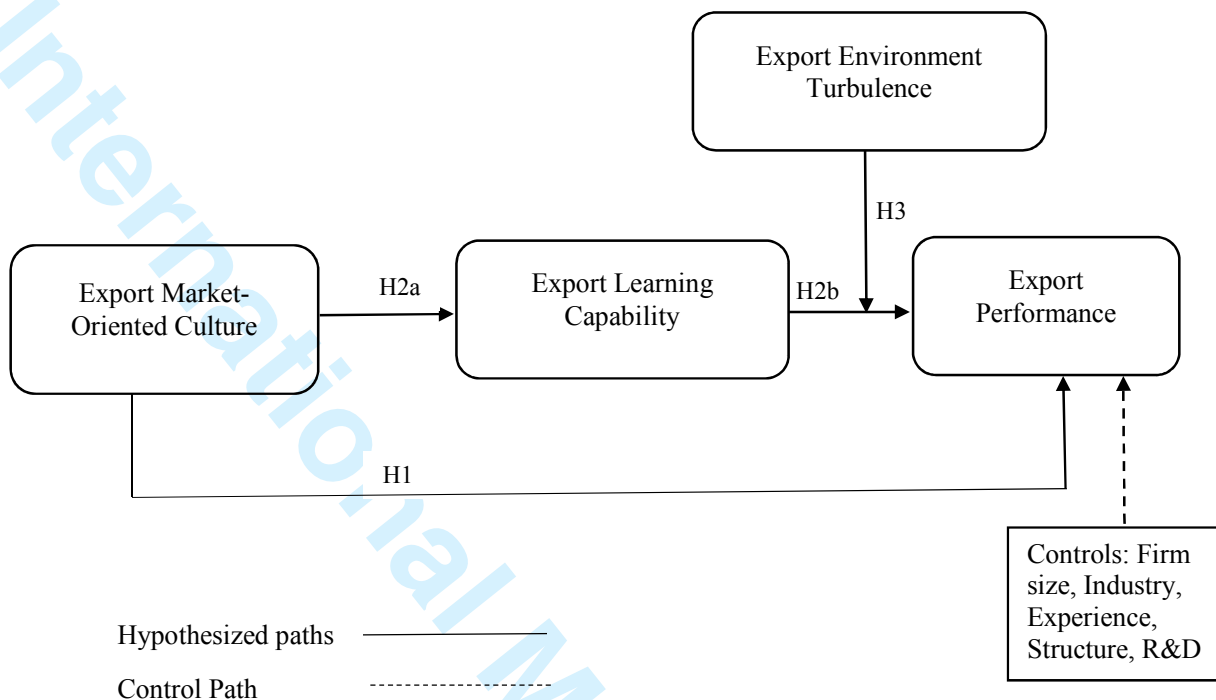
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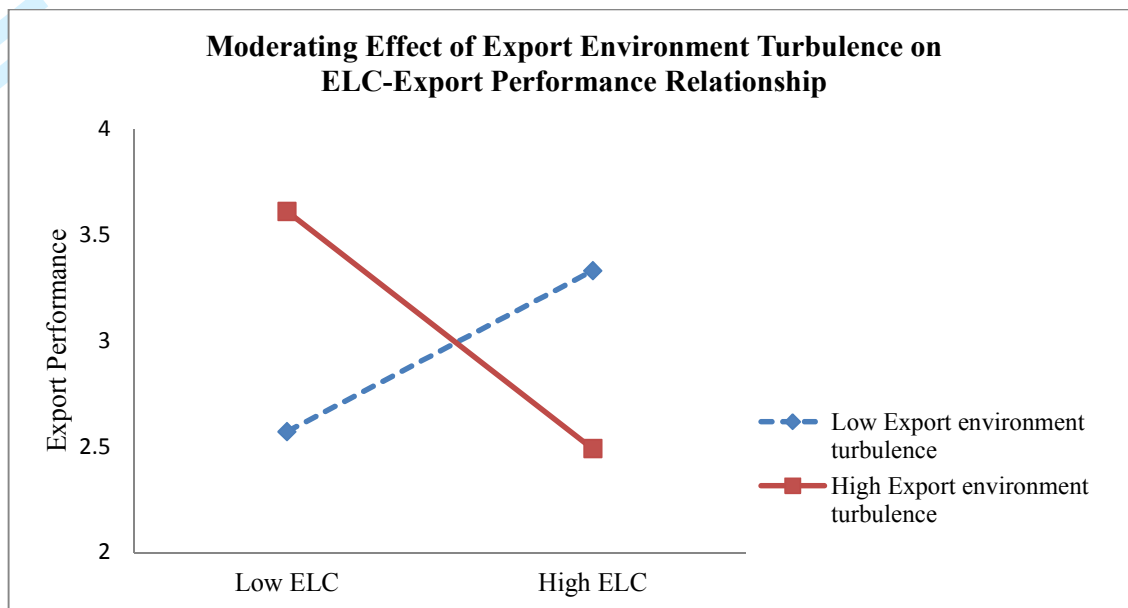
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Figure 1: Conceptual Model



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Figure 2: Surface of the Moderating Effect of Export Environment Turbulence



ELC = Export Learning Capability

Table 1: Empirical Studies on the Export Market Orientation–Export Performance Relationship

Empirical Studies	Focal Strategic Orientation Construct	Empirical Setting	Export Performance Variables studied	Key findings
Kwon and Hu (2000)	Export Market Orientation	341 small Korean exporters	Ratio of export to total sales; percent growth rate in export and ratio of export profit to total profit.	EMO is a significant determinant of export success in highly turbulent markets
Pelham (2000)	Market Orientation	235 industrial manufacturing firms	Marketing/Sales Effectiveness, growth/market Share and profitability.	Market orientation has the strongest positive relationship with performance measures.
Harris (2001)	Market orientation	241 UK firms	Objective performance: average ROI and Net Sales Index. Subjective: performance relative to competitors.	No direct impact of MO on either subjective or objective measures of profitability. Under some environmental conditions, MO is positively linked with both objective and subjective performance measures.
Subramanian and Gopalakrishna (2001)	Market orientation	162 manufacturing and service firms in Chennai, India.	Return on capital, growth in revenue, success of new products, success in controlling operational expenses and success in retaining customers.	Strong positive MO-performance relationship regardless of competitive environment.
Matsuno <i>et al.</i> (2002)	Entrepreneurial Proclivity and Market Orientation	364 U.S. manufacturing companies	Market share, percentage of new product sales to total sales and return on investment.	Market orientation is positively related to all dimensions of business performance.
Rose and Shoham (2002)	Export Market orientation	124 Israeli Export firms	Export performance: export sales, change in export sales, export profits, and change in export profits.	Market orientation is significantly related to all measures of export performance except export sales.
Cadogan <i>et al.</i> (2002)	Export Market Orientation	206 US exporters	Satisfaction with export sales volume, export profits, export market share and rate of new market entry. Growth in export sales.	EMO is strongly related to export success regardless of environmental conditions and turbulence
Cadogan <i>et al.</i> (2003)	Export market orientation	137 Hong Kong manufacturing exporters.	Export sales efficiency, export sales growth and export profit.	EMO was linked to export growth but not to export sales efficiency or export profit. Partial support for the moderating roles of competitive and technological intensity.
Akyol and Akehurst (2003)	Export market orientation	163 Turkish Clothing exporters	Export sales, export growth, satisfaction with export operations, competitive performance, and overall export performance.	EMO is a significant determinant of export success.
Cano <i>et al.</i> (2004)	Market orientation	53 empirical studies conducted in 23 countries spanning 5 continents with 12,043 respondents	Overall business performance	The relationship between MO and business performance is positive and consistent worldwide. Stronger relationships were observed in not-for-profit firms than profit, and in service firms than manufacturing firms.
Kara <i>et al.</i> (2005)	Market orientation	153 US SMEs	Profit goal achievement, sales goal achievement and ROI achievement.	A significant relationship exists between MO and small-sized service retailer performance.
Kirca <i>et al.</i> (2005)	Market orientation	418 effects from 130 independent samples reported in 114 studies	Overall business performance, profits, sales and market share	Positive association MO-performance relationship. This is stronger in manufacturing firms, low power-distance and uncertainty-avoidance cultures, and in studies that use subjective measures of performance.
Sin <i>et al.</i> (2005)	Market orientation and relationship marketing orientation	266 firms in Hong Kong; 210 firms in Mainland China	Marketing and Financial performance	MO had a greater impact than relationship marketing orientation on business performance in Hong Kong but this was reversed in Mainland China.

Table 1 (continued)

Empirical Studies	Focal Strategic Orientation Construct	Empirical Setting	Export Performance Variables studied	Key findings
Hult <i>et al.</i> (2005)	Market orientation	217 public firms	Return on investment, return on assets, return on equity in time t +1; One year time lag	MO and market information processing affected responsiveness positively and none affected performance directly.
Ellis (2006)	Market orientation	56 studies conducted in 28 countries, 14,586 firms.	Profits, sales growth, cash-flow, return on investments.	MO is a universal determinant of firm performance.
Murray <i>et al.</i> (2007)	Export Market Orientation	240 Chinese and 250 non-Chinese export ventures in China	Export profit level, sales volume and growth rate.	For Chinese exporters, export intelligence was significantly related to export performance. For non-Chinese firms, export information generation was significantly related to performance.
Olavarrieta and Friedmann (2008)	Market orientation, knowledge-related resources	116 publicly traded firms in Chile	<i>New product performance:</i> sales success, profitability, market share, creativity, timeliness <i>Overall firm performance:</i> return on assets, growth rate, market share, overall success relative to competitors	No direct influence between market orientation and overall firm performance and new product performance.
Morgan <i>et al.</i> (2009)	Market orientation and marketing capabilities	230 firms in the United States.	<i>Subjective:</i> Sales Share; <i>Objective:</i> Return on assets	MO and marketing capabilities work hand-in-hand in achieving performance outcomes. MO directly impacts on an organisation's return on assets but not subjective measures of performance.
Gaur <i>et al.</i> (2011)	Market orientation	Indian SMEs	Manufacturing performance	Partial support for the market orientation-performance relationship.
Murray <i>et al.</i> (2011)	Export market orientation	491 Chinese export ventures	Financial, Strategic and product performance	Marketing capabilities mediates the EMO-performance relationship
Souchon <i>et al.</i> (2012)	Learning orientation in export functions	354 Philippine exporters	Export growth	The relationship between response to export information an export growth is quadratic (U-shaped) and is moderated by export memory.
Boso <i>et al.</i> (2013)	Market and entrepreneurial orientation	203 Ghanaian entrepreneurial firms	<i>Sales performance:</i> market share, sales volume and sales growth relative to market objective <i>Profitability:</i> finance manager's evaluation of company's profitability, return on investment and return on assets	High MO and EO result in improved business performance in entrepreneurial firms. When strong social and business network ties are present, more sales performance and profitability accrues to organisations aligning EO and MO.
Qu and Zhang, (2015)	Market Orientation	252 UK subsidiaries of Multi-national corporations (MNCs)	Customer satisfaction, sales growth and overall performance.	Positive effect of MO on performance regardless of high or low levels of responsiveness.
Jaeger <i>et al.</i> (2016)	Responsive and proactive market orientation.	Panel data of 56 US companies over 9 years: 504 letters to shareholders and 504 observations	Objective performance measures: profit (net income)	The linear effects of RMO and PMO on firm performance were non-significant. Inverted U-shaped effect of responsive market orientation U-shaped effect of proactive market orientation.
Najafi-Tavani <i>et al.</i> (2016)	Market orientation and marketing capability	188 manufacturing firms in Sweden	Financial and market related performance of firm's new products	Positive relationship among market orientation, marketing capability and new product performance.

Table 2: Measurement Model Results

Construct	Factor Loading
Export Market Orientation (adapted from Narver and Slater, 1990; Han et al., 1998)	
<i>Export Customer Orientation (CR = 0.94; AVE = 0.79)</i>	
Customer commitment	0.92
Create customer value	0.82
Understand customer needs	0.90
Customer satisfaction objectives	0.90
<i>Export Competitor Orientation (CR = 0.83; AVE = 0.56)</i>	
Export employees share export competitor information	0.68
We respond rapidly to export competitors' action	0.74
Top managers discuss export competitors' strategies	0.76
We target export opportunities for competitive advantage	0.80
<i>Inter-functional Coordination (CR = 0.93; AVE = 0.82)</i>	
We find it easy to talk with virtually anyone we need to, regardless of rank or position.	0.92
All functions contribute to export customer value	0.90
We feel comfortable calling employees from different departments when the need arises.	0.89
Export Learning Capability (adapted from Tippins and Sohi, 2003)	
<i>Information Acquisition (CR = 0.92; AVE = 0.73)</i>	
We regularly meet with our export customers in order to find out what their needs will be in the future.	0.84
We do a lot of in-house research that is directed at determining our export customers' needs.	0.89
We view our customers as a source of export market information.	0.85
We often ask our export customers what they want or need.	0.84
<i>Information Dissemination (CR = 0.89; AVE = 0.63)</i>	
Within our firm sharing export customer information is the norm.	0.89
Within our firm, information about our export customers is easily accessible to those who need it most.	0.97
Representatives from different departments within our firm meet regularly to discuss our export customers' needs.	0.74
Within our firm, export customer information is often shared between functional departments.	0.72
When one department obtains important information about our export customers, it is circulated to other departments.	0.57
<i>Shared Interpretation (CR = 0.87; AVE = 0.69)</i>	
In our firm, we often experience consistent opinions with regards to how best to satisfy export our customers.	0.62
When faced with new information about our export customers, our managers usually agree on how the information will impact our firm.	0.93
Managers in our firm tend to agree on how best to serve our export customers.	0.90
<i>Memory (CR = 0.93; AVE = 0.68)</i>	
We retain information concerning our export customers' overall needs.	0.83
We are knowledgeable about our export customers' strengths and weaknesses.	0.88
We have a set procedure for handling routine purchase orders from our export customers.	0.86
We have learned from past experience how best to deal with 'hard to please' export customers.	0.71
We have standard procedures that we follow in order to determine the needs of our export customers.	0.83
Export Environmental Turbulence (adapted from Achrol and Stern, 1988)	
<i>Export Customer Dynamism (CR = 0.87; AVE = 0.77)</i>	
Export customers' product preferences have changed much	0.95
Export customers' product preferences shifted a lot	0.82
<i>Export Competitive Dynamism (CR = 0.78; AVE = 0.55)</i>	
The export competitive environment of our company has been highly dynamic	0.56
Competition in our export market has changed a lot	0.81
Our export competitive environment has been evolving continuously	0.88

Table 2 (continued)

Construct	Factor Loading
Export Performance (adapted from Gupta and Govindarajan, 1984)	
<i>Objective Export Performance Indicators (CR = 0.97; AVE = 0.90)</i>	
Export sales volume	0.96
Export sales growth	0.96
Export profitability	0.95
Export profit margin	0.93
<i>Perceptual Export Performance (CR = 0.93; AVE = 0.75)</i>	
Export sales volume	0.97
Export sales growth	0.97
Export profitability	0.81
Export profit margin	0.65
Export market share	0.87
Firm Structure (adapted from Fredrickson, 1986)	
<i>Formalization (CR = 0.85; AVE = 0.66)</i>	
Export employees are their own boss in most matters.	0.81
Export employees can make their own decisions without checking with anybody else.	0.79
How things were done is left up to the export employee doing the work.	0.84
<i>Centralization (CR = 0.91; AVE = 0.78)</i>	
Even small matters have to be referred to someone higher up for a final answer.	0.84
Export employees have to ask their boss before they did almost anything.	0.96
Export employees need to have the boss's approval first.	0.85

Table 3: Descriptive Statistics and Inter-Construct Correlations

	M	S.D.	1	2	3	4	5
1. Objective Export Performance	2.7	0.80					
2. Perceptual export performance	3.9	0.98	0.10				
3. Export Market Orientation	4.3	0.82	0.15	0.10			
4. Export Learning Capability	4.4	0.53	0.04	0.02	0.41		
5. Export Environmental Turbulence	3.7	0.52	0.08	0.00	0.00	-0.11	

Correlations above 0.15 are significant at $p < 0.05$

Table 4: Hierarchical Regression Analysis

Objective Export Performance						
	Model 1 (Dependent= ELC)	Model 2	Model 3	Model 4	Model 5	Model 6
Controls						
R&D		0.08	0.07	0.08	0.07	0.07
Duration of exporting		-0.06	-0.05	-0.05	-0.05	-0.04
Firm size		0.04	0.04	0.04	0.04	0.03
Scope of exporting		0.18**	0.19**	0.18**	0.19**	0.19**
Industry 1		-0.50	-0.50	-0.50	-0.50	-0.52
Industry 2		-0.91**	-0.93**	-0.89**	-0.92**	-1.05**
Industry 3		-0.38	-0.37	-0.39	-0.38	-0.43
Industry 4		-0.54	-0.53	-0.55	-0.54	-0.70*
Industry 5		-1.88**	-1.90**	-1.87**	-1.89**	-1.90**
Industry 6		-0.50*	-0.49*	-0.49*	-0.49*	-0.53*
Industry 7		-0.75*	-0.76**	-0.73**	-0.75**	-0.77**
Industry 8		-0.24	-0.25	-0.23	-0.24	-0.29
Industry 9		-0.54**	-0.55**	-0.54**	-0.54**	-0.60**
Industry 10		-0.42	-0.42	-0.42	-0.43	-0.50*
Industry 11		-0.36	-0.37	-0.37	-0.38	-0.43
Structure		-0.07	-0.08	-0.08	-0.08	-0.08
Main effects						
EMO	0.26**	0.07	0.08	0.07	0.08	0.09
ELC			-0.09		-0.08	-0.09
ET				0.06	0.05	0.05
Interaction effect						
ELC x ET						-0.47**
Fit Statistics						
R ²	0.17	0.16	0.16	0.16	0.16	0.18
Adj-R ²	0.16	0.09	0.09	0.09	0.09	0.10
F-value	48.63**	2.43**	2.32**	2.30**	2.20**	2.40**

* $p < 0.10$; ** $p < 0.05$; EMO = export market orientation; ELC = export learning capability; ET = Export environment turbulence