

EXPORT MARKET ORIENTATION AS A KEY ASPECT OF EXPORT PERFORMANCE

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ABSTRACT

The paper deals with the topic of export market orientation in relation to the export performance. On the basis of well-established concept of market orientation, authors developed this concept on international level as export market orientation. In this paper we examine theoretical approaches to this issue. The paper occupy with the antecedents of export market orientation, and moderators of the export market orientation and export performance relationship. The objective of paper is to determine export market orientation as the key towards reaching superior performance and elaborate the overview of researches focused on examination of relationship between export market orientation and export performance.

KEY WORDS

Export market orientation. Export performance.

JEL CLASSIFICATION

L21, L25, F23.

INTRODUCTION

Market orientation is considered as an established concept of marketing theory whose implementation within the company leads to the achievement of competitive advantage and better performance. There is a revival of interest in market orientation which results in large amount of studies processed by many researchers. Authors who have studied the issue of market orientation have developed this concept in various fields. Some of them (Cadogan, Diamantopoulos, de Mortanges, 1999; Racela, Thoumrunroje, 2014) developed this topic on international level as export market orientation.

1 EXPORT MARKET ORIENTATION AND ITS ANTECEDENTS

For several decades, market orientation became a center of attention of many authors (Parasuraman, 1983; Greenley and Matcham, 1986; Narver and Slater, 1990; Naidu and

Narayana, 1991; Kohli and Jaworski, 1993). Several authors (Narver and Slater, 1990; Ngai and Ellis, 1998; Deshpandé and Farley; 1999) agree that market orientation is important for increasing businesses profitability. Implementation of this concept within a business is considered as a key towards reaching competitive advantage and prosperity of business.

In last two decades, two basic approaches towards understanding the market orientation were developed (Gray, Matear, Boshoff, Matheson, 1998). Narver and Slater (1990) supported cultural approach in relation to basic characteristics of an organization. On the other hand, Kohli and Jaworski (1990) approached the definition of market orientation from the behavioral point of view. They defined priorities for the market-oriented business, which are gaining information about market regarding current and future needs of customers, disseminating this information across all departments of an organization and organization's ability to respond this information (In: Kara, Spillan, DeShields, 2005, p. 107). Mentioned authors significantly deal with the issue of relationship between market orientation and business performance. Currently, market orientation helps businesses to follow and consequently react on changing customer needs and therefore it should be interconnected with the business performance. As the market orientation helps businesses to improve their sources of differentiation on a market, investments into the implementation of marketing concept should result in excellent performance (Perin, Sampaio, Henriqson, 2005, In: Vieira, 2010, p. 44).

Market-oriented behavior is necessary not only for businesses operating in domestic market, but also for businesses realizing their activities on international level. Exporting has become crucial for countries in order to achieve the goals of economic growth and prosperity. Export provides a way to help countries improve their balance of payment, trade deficit, employment rate and standard of living (Racela, Chaikittisilpa, and Thoumrunroje, 2007). Exporting companies face more dynamic business environment and more intensive competition than domestic companies. Therefore, the response for macroeconomic changes has required exporting companies to be market-oriented (Abiodun, Mahmood, 2015).

Several authors (Cadogan, Diamantopoulos, and de Mortanges, 1999; Chung, 2012; Racela and Thoumrunroje, 2014) contributed to the development of concept of export market orientation. Lin, Huang, and Peng (2014, p. 404) described that export market orientation "requires that firms constantly monitor their customers, competitors and market environments in order to develop and sell goods and services perceived as valuable by customers in export markets". One of the most original definition of export market orientation was designed by Cadogan, Diamantopoulos, and Siguaw (2002) in which they explained that

EMO activities can be termed as firms collection of information pertaining their export operation, disseminating that information within company especially to the decision makers, and implementing and making responses that persuade the export customers, develop competitive advantage against their competitors, taking advantage or avoiding extraneous export market factors limiting the company's ability to provide superior value for the export customers. Gaining export information on foreign markets might be for exporting companies more complicated. Export information can be acquired from different sources. First of all, company has to make a decision about type of information which is needed for its export marketing decisions. Then, it is necessary to identify information sources which can exporting company use, because many studies declared the impact of using different export information sources on the performance of exporting companies (Köksal, 2008).

The level of export market orientation of business can be influenced by several antecedents. Authors who deal with this topic describe several antecedents of export market orientation. Lin, Huang, and Peng (2014) regard inter-organizational relationships as the key antecedents of export market orientation. Inter-organizational relationships should contain high relational attributes such as:

- commitment, which can be simply defined as the degree to which a business intends to maintain long-term relationships with its exchange partners. This antecedent implies that companies and their partners are more willing to cooperate. So it means, that market data are shared and disseminated within organizations more quickly and effective;

- trust, which can be considered as a governance mechanism of relationship between exchange partners and belief that there is no self-interest between them. It means, that inter-company trust increases the level of export market orientation;

- social interaction, which is the key element in most inter-organizational activities. Howcroft et al. (2003) divide interaction into two parts – content and process. Content is classified as economic and information exchange. The latter includes frequency and duration of trade-off relationship. Simply said, more social interactions result in more intensive, more frequent and broader information exchanges which help export market orientation;

- power, which is explained by Madlberger (2009) who argued that the promotion and cultivation of information sharing is a process in which companies with greater power influence decision making on information sharing with other companies. More powerful companies will be able to provide information with greater accuracy and better quality, and thus become more credible (In: Lin, Huang, and Peng, 2014).

Singh and Mahmood (2013) investigated that the company's ability to gain positive benefits from the export market orientation will depend also on the availability of resources. Indeed, companies with higher availability of resources will be more efficient in using of export market orientation for achieving superior performance.

2 OBJECTIVE AND METHODOLOGY

The objective of paper is to determine export market orientation as the key towards reaching superior performance and elaborate the overview of researches focused on examination of relationship between export market orientation and export performance.

In our paper we realized the secondary analysis of domestic and foreign scientific sources related to the studied issue. During the processing of this paper we applied the scientific methods of analysis, synthesis, induction, deduction, and comparison.

3 LINK BETWEEN EXPORT MARKET ORIENTATION AND EXPORT PERFORMANCE

Export market orientation is mainly investigated in relation to the export performance. Cavusgil and Nevin (1981) conceptually define export as international and marketing-related decisions and activities of international active companies (In: Shoham, 1998). Performance is defined by Lesáková (2004) as the company's ability to achieve the desired effects or outcomes in measurable units. Company performance can be measured through the key performance indicators that serve to evaluation of actual development of the company in comparison with objectives and targets that it has set (Kabát Sobeková Majková, and Vincúrová, 2013). Lastly, we can use definition which characterizes export performance as a multi-dimensional construct that is defined in terms of degree of economic and non-economic achievement in export markets (Cadogan, Kuivalainen, and Sundqvist, 2009).

Many authors (Diamantopoulos, Siguaw, and Cadogan, 2000; Chung, 2012; Abiodun and Mahmood, 2015) investigated a relationship between export market orientation and export performance. As we mentioned above, export market orientation consists of gathering market information about customers and competition, its dissemination and response to it. Contrary, Hart and Tzokas (1999), state that "collection of general, strategic information regarding economic background, transport infrastructure, growth trends and government aid are more important for improved sales and profit ratios than more specific information which might be used to assess individual market potential or the need to adapt products to local conditions"

(In: Köksal, 2008). Simply said, general information influences export performance stronger than specific information about foreign market. In our opinion, both types of information are necessary for exporting companies. General information are important mainly in phase of entering the foreign market and specific information are necessary for gaining and increasing market share of exporting company.

According to Racela and Thoumrungroje (2014), relationship between export market orientation and export performance is also influenced by several determinants. First of all, interfirm cooperation is key aspect which influences this relationship. Interfirm cooperation consists in interfirm communication, especially its frequency and communication quality.

Lin, Huang, and Peng (2014) consider the level of internationalization as possible moderator of export market orientation. These authors conclude that through the internationalization companies improve their management and marketing competence and skills. This improvement thereby leads to achieving competitive advantages. The degree of internationalization can influence the final export performance. Logically, exporters with a low degree of internationalization have fewer markets to manage and monitor. This leads to lower demand for export market-oriented behavior and thereby in their inability to fully meet the demands and preferences of their overseas customers (Czinkota and Ronkainen, 2001). So authors agree that the degree of a company's internationalization intensifies the impact of export marketing orientation on its export performance.

The relationship between export market orientation and export performance was examined by several authors. In table 1 is shown the overview of researches on relationship between these two variables. Table includes names of authors, year of research publishing, objective of research and research findings.

Table 1 The overview of researches on export market orientation and export performance

Authors (year)	Research
Lin, Huang, and Peng (2014)	Objective: to explore the mediating role of export market orientation in the relationship between inter-organizational relationships and export performance, and the moderating role of degree of internationalization in the relationship between EMO and export performance
	Findings: trust and social interaction positively influence EMO, the moderating effect of degree of internationalization has no significant impact on the EMO and export performance relationship
Racela, Chaikittisilpa, Thoumrungroje (2007)	Objective: to investigate and uncover the potential effect of market orientation of exporters upon international business relationship with particular emphases on cooperation, dependence, and relationship distance
	Findings: market orientation of exporters enhances the cooperation between the exporters and their major overseas distributor while minimizing their dependence and relationship distance; export performance is higher with greater exporter cooperation and lower relationship distance
Singh, Mahmood (2013)	Objective: to determine if there is significant relationship between export market orientation and export performance of small and medium enterprises in Malaysia
	Findings: significant positive relationship exists between EMO and export performance of SMEs
Diamantopoulos Siguaw, Cadogan (2000)	Objective: generate evidence on the link between EMO behavior and export success and provide preliminary evidence on its cross-national stability
	Findings: EMO behavior is important determinant of export performance, there are cross-national differences between EMO behavior and export performance
Chung (2012)	Objective: to provide new insights into the link between export market orientation and export performance by examining whether managerial ties act to moderate the relationship
	Findings: the strength of business ties enhances the relationship between export market intelligence generation and responsiveness; the strength of political ties reduces the relationship between export market intelligence dissemination and responsiveness; and export market responsiveness is positively related to strategic export performance
Köksal (2008)	Objective: to determine the effects of the export information sources, information types, export research methods and the way the export information is used within the company on the measures of export company performance (export sales, export growth and export profitability)
	Findings: the differences in export information sources and information types employed, and information usage in decision making, have different effects on their export performance
Racela, Thoumrungroje (2014)	Objective: to assess the role of export market orientation on interfirm communication and interfirm cooperation, and ultimately, on export performance
	Findings: highly export market-oriented firms engage in higher levels of communication frequency and communication quality
Abiodun, Mahmood (2015)	Objective: examine the relationships between learning orientation, export market orientation and export performance and evaluate the moderating impact of environmental turbulence on exporting SMEs
	Findings: relationship between export market orientation and export performance was supported

Source: Own elaboration according to authors in table

As we can see from the table 1, the link between export market orientation and export performance was supported by several researches (Diamantopoulos, Siguaw, and Cadogan, 2000; Chung, 2012; Singh and Mahmood, 2013; Abiodun and Mahmood, 2015). The other authors analyzed moderators of export market orientation and export performance (Lin, Huang, and Peng, 2014; Racela, Chaikittisilpa, and Thoumrungroje, 2007). This overview could be used as a starting point for future research on export market orientation and export performance in Slovakia. It could be used as a secondary research of state of studied issue abroad.

CONCLUSION

In this paper, we focused on determination of export market orientation as an important characteristic of exporting companies, which want to succeed on foreign market. The objective of paper was to determine export market orientation as the key towards reaching superior performance and elaborate the overview of researches focused on examination of relationship between export market orientation and export performance. We provided the overview of researches on export market orientation and export performance relationship. Export market orientation helps companies to increase their export performance measured through the sales, profit or market share. In the end, success of each company on foreign market contributes to improvement of several macroeconomics indicators of domestic country and increase the overall welfare and living standard.

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