CHAPTER 2

LITERATURE REVIEW

With the steady rise in the emergence of global competition, an understanding of the determinants of firm-level export performance has become particularly important in today’s business environment and many studies have been devoted towards identifying the key variables that affect it. Firms’ international venture and the consequent increase in country’s exports are strongly dependent on a better understanding of the determinants that influence their export performance. Research work in this field begun well back in 1960’s but gained momentum only after 1980’s as the number of scholars, policymakers and businessmen became more interested in knowing the export performance drivers at the firm level for the purpose of theory building as well as for attaining sustainable competitive advantage by firms in the real world (Katsikeas et al, 2000). Public-policy-makers view exporting as a way of accumulating foreign exchange reserves, increasing employment levels, improving productivity, and thereby enhancing prosperity (Czinkota, 1994). For managers, it is important because it boosts corporate growth and ensures company survival in the long term (Samiee and Walters, 1990). Researchers consider exporting a challenging and promising area for theory building in international business (Zou and Stan, 1998). The purpose of this review is to put together and summarize the knowledge of existing relevant literature in this field, identify relevant gaps, and examine the extent to which export facilitation programs influence the export performance of firms along with other significant managerial and firm characteristics.

2.1 Conceptual Definition of Firm-level Export Performance

Firm-level export performance can be defined as – “the extent to which a firm’s objectives (both economic and strategic) for exporting a product into a foreign market are achieved through planning and execution of export marketing strategy” (Cavusgil and Zou, 1994). However, it is a multi-dimensional concept with no single criterion being adequate in itself (Lewin and Minton, 1986; Gencturk and Kotabe, 2001). Researchers have focused on three key performance dimensions which largely incorporate important management areas.
First, is the financial performance of the export activity involving the use of such indicators as export sales, export sales growth (Madsen, 1987, Chugan, 1998, 1997), export profits (Johnson and Arunthanes, 1995) and export intensity (Axinn, 1988), etc. The second dimension is based on capturing the strategic outcome of exporting. The main idea here is that firms often have a set of strategic goals in exporting which they desire to fulfil using various capabilities and resources available at their disposal (Cavusgil and Zou, 1994). This view holds that accomplishment of strategic goals such as improved competitiveness, increased market share or strengthened strategic position should be considered an integral part of export performance (Cavusgil and Kripalani, 1993). The third dimension involves capturing the firm’s satisfaction with export operations and is a strong indication of success in exporting. Studies using this dimension measure perceived export success and satisfaction with exporting (Cavusgil and Zou, 1994); attitude toward exporting (Johnston and Czinkota, 1982) or attitude toward overcoming barriers to exporting (Bauerschmidt et al, 1985).

2.2 Conceptual Frameworks of Firm-level Export Performance

Export performance at firm-level constitutes the key dependent variable in this study. It is a multidimensional construct which can be conceptualised and operationalized in many ways (Das, 1994; Diamantopoulos and Schlegelmilch, 1994) as discussed in the preceding section. Initial work in this field begun in 1964 with Tookey’s pioneering article, which did much to impel research in this direction. In the early stages, most attention went to the behavior of exporting firms without focusing on measuring the performance. In the eighties and especially the nineties, ‘internationalization’ increasingly became a topic of interest in the business world and an increasing number of researchers devoted themselves to the measurement of firms’ export performance. Over the years this growing stream of export research has yielded several theoretical frameworks of firm’s export performance, such as Miesenbock (1987), Madsen (1987), Aaby & Slater (1989), Chetty & Hamilton (1993), Styles & Amber (1994), Gemünden (1991), Zou & Stan (1998), Leonidou, Katsikeas & Piercy (1998), and Leonidou, Katsikeas & Samice (2002). The important outcomes of these studies, underscoring the broad conceptual framework and categories of variables in use within the purview of this subject are discussed in the following paragraphs.
One of the early works in this field by Miesenbock (1987) focussed primarily on small enterprises and their exporting behavior reveals that the key decision-maker viz. export manager, is the single most important determinant in small enterprises’ exporting. The study maintains that exporting is a sequential process, during which a firm gradually increases its export commitment. Also, it is very difficult to identify a fixed set of key variables that influences firm’s export performance. The study classifies the determinants of firms export performance into four categories based on the ‘Strategy-Structure-Performance’ paradigm. The key idea behind this is that the performance of an organization (‘O-performance’) is a result of a continuous interaction with other groups of variables, namely its own organizational structure (‘O-structure’), the structure and performance of its environment (‘E-structure’), and its own strategies (‘strategy’). Figure 2.1 shows the associations amongst the respective variables and export performance reported in the study.

**Figure 2.1. Organisations’ Export Performance - Concepts and Associations**

- **Strategy**: Market research intensity, Price competitiveness, Planning & control intensity, Product Strength, Internationalization marketing function, Channel support, Communication intensity, Adaptation of marketing policy, Marketing concentration
- **E-structure**: Export market attractiveness, Trade barriers, Physical distance to market, Psychological/cultural distance, Domestic market attractiveness, Type of market
- **O-structure**: General company resources, Knowledge export marketing, Management support, Status export organization, Technological intensity
- **O-performance**: Export profitability, Export sales, Export growth

*Source: Adapted from Miesenbock, 1987*
Aaby and Slater (1989) in their export performance framework puts forth four independent variable categories, including ‘Environment’, ‘Competencies’, ‘Firm Characteristics’ (firm capabilities, and management characteristics), and ‘Strategy’. The study primarily focuses on effect of managerially controllable variables like ‘Firm Characteristics’, and asserts that the firm size is only important when linked to other aspects that indicate financial strength or economies of scale. ‘Management Commitment’, ‘Management Systems and Planning’, and ‘Export Experience’ also impacts the export performance positively. Regarding ‘Competencies’, export success via technology depends on managerial efficiency and target markets the firm decides to enter. Successful exporters have specific export policies and adequate market knowledge. In case of ‘Strategy’, exporters that are more drawn in and possess wider world market coverage are better performers (Aaby and Slater, 1989). Figure 2.2 below depicts this model for assessing export performance:

**Figure 2.2. A General Model for Assessing Export Performance and its Determinants**

- **Environment**
  - **Competencies**: Technology, Export market knowledge, Planning, Policy, Quality, Control
  - **Firm Characteristics**: Firm size, Management commitment, Management perception towards export policies and initiatives
  - **Strategy**: Market selection, Use of intermediaries, Product mix, Product development, Promotion, Pricing, Staffing

- **Export Performance**:
  - Propensity to export
  - Export sales
  - Export problems
  - Exporters vs. Non-exporters
  - Level of export
  - Perceptions towards export
  - Export growth intensity

*Source: Adapted from Aaby and Slater, 1989*
Gemunden’s (1991) study of firm-level export performance made a quantitative meta-analysis of related studies in order to identify the key success factors of export marketing, and to assess their influence by means of objective statistical procedures. Fifty empirical works published between 1964 and 1987 were examined in the study, giving a conceptual framework synthesizing all variables. Different categories used to classify the variables were ‘Export Market Characteristics’, ‘Home Country’, ‘Managers’, ‘Characteristics of the Firm’, ‘Activities’, and ‘Export Success’ (Figure 2.3).

**Figure 2.3. Theoretical Framework by Gemunden**

![Diagram](attachment:image.png)

**Source:** Adapted from Gemunden, 1991
The study identifies three indicators for measuring export performance: export share, export growth, and export profits and also establishes four key export success factors that have been researched rather frequently, namely ‘firm size’, ‘information activities’, ‘R&D intensity’, and ‘export-oriented product adaptations and services’. (Gemunden, 1991).

Zou and Stan (1998)’s review on export performance aims to improve earlier works by adding the external environment factors. Export performance measures were grouped into seven categories, i.e. the financial scales ‘sales’, ‘profit’, and ‘growth’, the non-financial scales ‘success’, ‘satisfaction’, ‘goal achievement’ and the composite scales. Similarly, the determinants of export performance were classified into internal versus external, and into controllable versus non-controllable determinants. Table 2.1 shows these determinants and measures of export performance.
Table 2.1. Classification of the Dependent and Independent Factors of Firm’s Export Performance

<table>
<thead>
<tr>
<th>Controllable</th>
<th>Internal</th>
<th>External</th>
<th>Measures of Export Performance</th>
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<tbody>
<tr>
<td><strong>Export Marketing Strategy</strong></td>
<td>General Export Strategy</td>
<td>Financial</td>
<td></td>
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<tr>
<td>Export Planning</td>
<td>Sales</td>
<td></td>
<td></td>
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<tr>
<td>Export Organization</td>
<td>Profit</td>
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<tr>
<td>Market Research</td>
<td>Growth</td>
<td></td>
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<tr>
<td>Product Adaptation</td>
<td>Non-Financial</td>
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<tr>
<td>Price Competitiveness</td>
<td>Perceived</td>
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<tr>
<td>Promotion Adaptation</td>
<td>Success</td>
<td></td>
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<tr>
<td>Distribution Channel Relationships</td>
<td>Satisfaction</td>
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<tr>
<td>Distribution Channel Types</td>
<td>Goal</td>
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<td><strong>Management Attitudes</strong></td>
<td>Achievement</td>
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<tr>
<td>Export Commitment</td>
<td>Composite</td>
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<td>International Orientation</td>
<td>Scales</td>
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<td>Export Motivation</td>
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<tr>
<td>Perceived Export Barriers</td>
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<tr>
<td>Perceived Export Advantages</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Uncontrollable*</th>
<th>Management Characteristics*</th>
<th>Industry Characteristics*</th>
</tr>
</thead>
<tbody>
<tr>
<td>International Experience</td>
<td>Industry’s Technological Intensity</td>
<td>Foreign Market*</td>
</tr>
<tr>
<td>Education</td>
<td>Industry’s Level of Instability</td>
<td>Export Market Attractiveness</td>
</tr>
<tr>
<td><strong>Firms Characteristics</strong></td>
<td>Export Market Competitiveness</td>
<td>Export Market Barriers</td>
</tr>
<tr>
<td>Firms Size</td>
<td>Domestic Market*</td>
<td>Domestic Market Barriers</td>
</tr>
<tr>
<td>Firms International Competence</td>
<td></td>
<td></td>
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<tr>
<td>Firms Age</td>
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<tr>
<td>Firms Technology</td>
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<td></td>
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<tr>
<td>Firms Capabilities and Competencies</td>
<td></td>
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</tbody>
</table>

* These variables are uncontrollable at a given point of time. However, over the time they are subject to change;

Source: Adapted from Zou and Stan, 1998

Leonidou, Katsikeas and Samiee (2002) meta-analysed important empirical works related to the determinants of export performance published since 1960. This model indicates a unidirectional causal relationship between the managerial, organizational, and environmental factors influencing the firm’s export targeting and marketing mix, which in turn influence export performance” (see figure 2.4). However, the study focuses on link between export marketing strategy and export performance, leaving out the antecedents related to the firm, managerial, and environmental levels. It was observed that the determinants correlated significantly with export intensity, export sales growth, and export profit of firms.
Sousa, Martinez-Lopez and Coelho (2008) more recently assessed the determinants of export performance in their meta-analysis. This assessment also incorporated the use of control and moderator variables in the model. A control variable is something that is constant and unchanged in an experiment. It is held constant to test the relative impact of independent variables on the dependent variable. The moderator is akin to the ‘interaction effect’ where the strength or direction of the impact of independent variable on the dependent variable depends on the level or value of other independent variable used as moderator. Studies have used certain variables as both control and moderators depending on the research design. Figure 2.5 describes the framework for determinants of export performance.
The frameworks discussed in this section greatly enhanced the existing knowledge of export performance regarding both the measurement of the concept and the determinants leading to superior export performance. The stream of research on export performance is still evolving with a large upswing in the last decade. Building upon the frameworks discussed above and reviewing significant empirical articles, the current study has come up with its own detailed literature synthesis related to the firms’ export performance determinants and measurement. The technique used to review the empirical studies is based upon Zou & Stan’s (1998) work.

2.3 The Literature Synthesis

The current section presents an elaborate literature synthesis of the firm-level export performance empirical studies focusing on the measures and determinants of export performance while also incorporating more recent works in this field. The review uses two broad categories of variables to distinguish between the various determinants of export
performance, i.e., ‘Internal’ and ‘External’ variables. Internal variables further include ‘Export Marketing Strategy’, ‘Management Characteristics’, and ‘Firm Characteristics’ while the external variables include ‘Foreign Market Characteristics’ and ‘Domestic Market Characteristics’. Similarly, the measures of export performance again have been divided into two main categories viz. ‘Objective measures’ and ‘Subjective measures’ depending upon how they are assessed.

2.3.1 Methodology of the Review

Scope of the Review

The review focused on the empirical literature concerning the measures and determinants of export performance published from 1980 to 2012. The aim was to identify key variables used in determination of the firm-level export performance and its measurement along with learning the new trends emerging in this area. The studies included in this review followed three major features: First, the articles are empirical in nature reporting data analysis and statistical tests. Second, the articles have used export performance measure(s) as the dependent variable. Third, the articles are cross-sectional in nature excluding the longitudinal and case studies.

Identification of Studies

Studies included in this review were identified by a process that includes a mix of electronic means with manual investigation. The electronic search was conducted by using suitable databases. The manual search, on the other hand, was conducted by looking for the articles published in scholarly journals and the relevant books on the subject and related issues. The identified articles come from some of the most popular journals in management and international business as can be seen in references to the thesis.

The Analytical Approach

The approach used in this review is largely based on meta-analysis technique which is a meticulous approach to synthesizing a literature stream. Classical meta-analysis needs that there should be a high degree of similarity amongst the studies reviewed with regard to the measurement of independent and dependent variables and the statistical approach to data analysis (Hedges and Olkin, 1980 as cited in Zou and Stan, 1998) but as the export
performance studies are categorized by a diversity of measurement and analytical approaches, only a weak form of meta-analysis, called the ‘vote-counting technique’ was applied. The vote-counting approach summarizes for each independent factor, the number of studies that report a significant positive effect, a significant negative effect, or a non-significant effect on export performance. On the other hand, researchers like Madsen (1987) and Aaby and Slater (1989) have adopted a ‘narrative approach’ to literature review involving subjective interpretation of the literature concerning the overall pattern of a factor’s influence on export performance without presenting specific statistics. This review takes a hybrid approach based on Zou and Stan’s (1998) work that combines the vote-counting technique with the narrative approach hence, taking advantages of both the approaches while reducing their limitations.

2.3.2 General Assessment of the Reviewed Studies

Information on the studies’ characteristics in terms of country(s) of the study, size of the sample, industry context, size of the companies studied, data collection method, analytical approach(s), unit of analysis, dependent variables used as the measures of export performance, and independent variables used as the determinants of export performance is shown in Table 2.2 for the reviewed studies. Each of these attributes is discussed in the subsequent paragraphs.

Table 2.2. Characteristics of the reviewed articles
(See Appendix I Table of Literature Synthesis)
**Country(ies) of the Study:** The US has remained the most researched country in earlier export performance studies (Aaby and Slater, 1989; Chetty and Hamilton, 1993). However, the number of export performance studies conducted in other countries has grown recently. These studies cover various countries from Europe (UK, Germany, Finland, Greece, and Portugal), Latin America (Brazil, Chile), Asia (India, China, Bangladesh, Israel, Jordan, and Japan) and Africa (Nigeria) to Australia. This is an obvious indicator that the export performance research has gained momentum and credit in all parts of the world.

**Size of the Sample:** The sample size used in the studies reviewed lie within a range of 50 to around 1000 firms. But majority of the studies reported sample sizes in the range of 100 to 250. Considering the number of independent variables studied and the statistical tool applied, the sample size was adequate for most studies.

**Industry Characteristics of the Study:** Majority of studies reviewed drew sample from multiple manufacturing industries. However, few studies focused on single-industry type too (e.g., Lall and Kumar, 1981; Axinn and Thach, 1990; Diamantopoulos and Schlegelmilch, 1994; Chugan, 1998; Contractor, Hsu and Kundu, 2005 and Karelakis, Mattas, Chryssochoidis, 2008). Study by Singer and Czinkota (1994) also included in their sample firms from service sector along with manufacturing.

**Size of Firms Studied:** Amongst the studies that mentioned the type of firms in their sample the majority included small and medium sized firms. The emphasis on this sector has been mainly due to the manifold benefits it recurs in the form of employment generation, reducing regional disparities of industries and promoting effective entrepreneurship, predominantly in developing economies. Studies that included large-scale firms in their sample were quite few (e.g. Gertner et al, 2006; Carneiro, Rocha and Silva, 2011).

**Data Collection Method:** The bulk of studies reviewed used mail survey as the means of data collection. Around 10 percent of the studies had used personal interviews. Studies of exploratory nature also used focus group and in-depth interviews.

**Statistical Analysis Used:** While regression techniques were widely used various other approaches such as the *t*- test, chi-square test, ANOVA, discriminant analysis, and structural equation modelling were also applied for statistical analysis.
**Unit of Analysis:** Cavusgil and Zou (1994) advocates that the appropriate unit of analysis in research of large companies with multiple product lines should be the ‘export venture’: a product and a market combination and ‘firm’ level studies are useful for small and medium firms that often have limited product lines. The appropriate level of analysis hence depends on the sample used. If the sample concerns predicting the overall performance of the firm the appropriate level of analysis is the firm, not the export venture and vice versa. Studies have used both ‘firm’ and ‘export venture’ as the unit of analysis.

**The Measures of Firm-level Export Performance:** The operationalization of the construct has largely been diverse (Schlegelmilch and Ross 1987; Walters and Samiee 1990; Cavusgil and Zou 1994; Shoham 1998). The review reveals different performance indicators used by researchers owing to the multi-dimensionality aspect of the construct. In this review the measures of export performance used are grouped into two broad categories representing ‘observed’ and ‘perceived’ measures. ‘Observed measures’ are those indicators which are based on absolute value of firm’s export sales volume, profits, etc. amongst others; whereas, the ‘perceived measures’ includes management’s perception of the same indicators. Research reveals that observed and perceived measures are found to be positively co-related with each other (Dess and Robinson, 1984; Baldauf, Cravens and Wagner, 2000). Scholars in international business, also supports the use of perceived over observed indicators as the decision makers are mostly comfortable in disseminating the company information on perceived ratings rather than observed values (Madsen, 1989; Katsikeas, Piercy and Ioannidis, 1996; Francis and Collins-Dodd, 2000; Leonidou, Katsikeas and Samiee, 2002; Robertson and Chetty, 2000).

The reviewed studies have attempted to measure export performance of the firms (either perceived or observed or both) under following labels:

(i). the ‘sales’ category includes measures of growth in export sales or relative measures like ratios of export sales to total or domestic market sales;
(ii). the ‘profit’ includes measures of overall export profitability or relative measures like ratios of export profit to total or domestic market profit;
(iii). the ‘growth-market share’ measures the changes in export sales or profits over a period of time, all measured either in absolute terms for objective measurement or rated on a perceptual scale for subjective measurement;
(iv). ‘satisfaction derived’ measures the managers’ overall satisfaction with the company’s export performance and finally,
(v). ‘composite scales’ measures the overall scores on a mix of performance measures.

Most studies have used composite scale rather than using a single indicator for measuring export performance to capture the multi-dimensional nature of firm’s export performance. Further, the composite scales were measured mostly on perceived ratings. Table 2.3 gives classification and frequency of use of the reviewed studies’ export performance measures.

**Table 2.3. Classification and Frequency of Appearance of Export Performance Measures**

<table>
<thead>
<tr>
<th>Export Performance Measure</th>
<th>Codes</th>
<th>Frequency of use</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Observed Measures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales related</td>
<td>OBS-S</td>
<td>07</td>
</tr>
<tr>
<td>Profit related</td>
<td>OBS-P</td>
<td>05</td>
</tr>
<tr>
<td>Growth-Market share related</td>
<td>OBS-GM</td>
<td>03</td>
</tr>
<tr>
<td>Composite scales</td>
<td>OBS-COM</td>
<td>06</td>
</tr>
<tr>
<td><strong>Perceived Measures</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales related</td>
<td>PER-S</td>
<td>03</td>
</tr>
<tr>
<td>Profit related</td>
<td>PER-P</td>
<td>04</td>
</tr>
<tr>
<td>Growth-Market share related</td>
<td>PER-GM</td>
<td>04</td>
</tr>
<tr>
<td>Satisfaction derived</td>
<td>PER-ST</td>
<td>04</td>
</tr>
<tr>
<td>Composite scales</td>
<td>PER-COM</td>
<td>17</td>
</tr>
</tbody>
</table>

Where, OBS= Observed Measures and PER= Perceived Measures; Source: Researcher’s Compilation

**The Determinants of Firm-level Export Performance**: There is an array of variables proposed by researchers that influence firm-level export performance. This review for the purpose of clarity has, classified the several variables determining the firm-level export performance into two broad categories (building on the previous theoretical frameworks by e.g. Madsen, 1987; Aaby and Slater, 1989; Zou and Stan, 1998): ‘Internal’ and ‘External’ variables. The initial theoretical basis for this division lied in the ‘Competitive Strategy Theory’ ascribed to Porter (1980). According to him, “a firm’s competitive strategy aims at establishing broad formula for assessing how a business can compete, its set of goals, and policies meant to achieve those goals”(Porter, 1980). Within this paradigm, the two widely
used frameworks for explaining a firm’s efforts towards executing its competitive strategy are: (i) Resource-Based theory of firm strategy and (ii) Industrial-Organisation theory.

‘The Resource-Based’ theory emphasizes resources as means for understanding the firms’ performance. It views the firm as holder of distinct bundles of tangible and intangible resources (in the form of assets, capabilities, processes, etc.) which enables it to implement its competitive strategy aimed at enhancing its efficiency and effectiveness (Barney, 1991; Hamel and Prahalad, 1994). The heterogeneity in these bundles of resources explains variations in firms’ performance (Makadok, 2001). Managers use these firm specific resources for building competitive advantage in the market (Barney, 1991). Further, firms can convert these competitive advantages into sustainable competitive advantages if they are unique to the firm and not easy for the rivals to imitate (Mahoney and Pandian, 1992). The category of internal variables in the review draws from this framework, as it contends that the principal determinants of a firm’s export performance and competitive strategy are the internal firm resources.

‘The Industrial-Organisation’ theory looks at the fit between firm’s strategy and its external environment (Aldrich, 1979; Porter, 1980). From the perspective of external environment, the firm’s strategy should be in alignment with the same for being successful. Industrial-Organization theory rests on two premises: (1) Organizations are dependent on external environment for resources (Pfeffer and Salancik, 1978), and (2) Organizations can manage this dependency by formulating key business strategies (Hofer and Schendel, 1978). It follows that the external environment imposes burden to which a firm must adapt in order to prosper and attain superior performance (Collis, 1991). Therefore, the external variables are crucial in determining the firms’ export performance.

(1). Internal Variables:

Within this category are included three types of variables namely, Export marketing strategy, Firm’s characteristics and Management characteristics. The first type is linked with aspects of a firm’s business strategy for export marketing. Commonly used strategies of marketing capabilities include product adaptation, pricing, advertising/promotion adaptation, distribution strategy/channel relationships, and strategic decision making by top executives.
The second type is related to the characteristics of the firm like its size, technology innovation, international competence, location/access to infrastructure/services, and other firm resources/capabilities. The third type looks at variables related to the attitudes and perceptions of management. These include, among others, management’s international experience, their level of export commitment and attitude towards exporting, incorporating corporate social responsibility, and perceived export advantages/barriers.

**Export Marketing Strategy.** Factors related to the export marketing strategy have been profusely tested in several studies with positive implications for firm export performance in the most. Most investigations indicate that export performance bear a positive relationship with all these marketing strategies (Koh, 1991; Cavusgil and Zou, 1994; Katsikeas, Piercy, Ioannidis, 1996; Shoham, 1996; Ayan and Percin, 2005). Brouthers et al, 2009 in their work however, found negative association of promotion and advertising with export performance for smaller firms that concentrate in traditional, low-technology industries (the typical firm in their sample). Distribution channel and channel relationship has been researched more recently exhibiting positive implications for export performance (Ibeh, 2003; Lages, Lages and Lages, 2004; Karelakis, Mattas, Chryssochoidis, 2008; Lages, Silva and Styles, 2009). Likewise, the level of strategic decision making by the management is also found to contribute positively towards export performance (Contractor, Hsu and Kundu, 2005; Ibeh, 2003; Okpara, 2009 and Cadogan et al, 2012), although the magnitude of the impact is contingent on market dynamism in favour of exporting with access to a greater number of strategic possibilities (Cadogan et al, 2012).

**Firm’s Characteristics.** Firm size has result in mixed effects, being related positively (e.g., Cavusgil and Zou, 1994), negatively (Chugan, 1998; Brouthers et al, 2009), and even exhibiting no association with export performance (Katsikeas, Piercy, Ioannidis, 1996). Firm age again reveal mixed results being positively (Gertner, Gertner and Guthery, 2006); negatively (Majumdar, 1997) and not related to (Contractor, Hsu and Kundu, 2005) firms’ export performance. Technology innovation is another area of research in this field. The review asserts that most empirical studies establish a positive relationship between technology innovation and export performance (Chugan, 1998; Alvarez, 2004; Lages, Silva and Styles, 2009). Looking at the impact of international experience, Cavusgil and Zou,
1994’s investigation of American exporters found that a firm’s international experience influences its export performance positively, further supported by future researchers (e.g. O’Cass and Julian, 2003; Ibeh, 2003). A comparatively lesser researched aspect is firm’s location and access to infrastructure/services. In this regard a study by Freeman, Styles and Lawley, 2012 suggests that location is an important antecedent for firm resources and capabilities, which in turn explains its export performance. Firm resources and capabilities are themselves significant indicators of firm export performance under the purview of ‘Resource-Based’ theory of the firm (O’Cass and Julian, 2003; Okpara, 2009). Ling-yee and Ogunmokun, 2001 in their study also looked at firm’s financial resources and supply chain management capabilities as positive contributors towards firm export performance. Similary, Morgan, Kaleka and Katsikeas, 2004 asserts that firm resources and capabilities affect competitive strategy and positional advantage which in turn influences the performance of export venture.

**Management Characteristics.** Management characteristics have also been correlated with export performance. Empirical investigations suggest that export performance is influenced positively by the degree of export expertise the management possesses (e.g. Gencturk and Kotabe, 2001; O’Cass and Julian, 2003; Alvarez, 2004; Contractor, Hsu and Kundu, 2005; Ayan and Percin, 2005 and Cadogan et al, 2012). Another important variable which shows positive association with export performance is the level of commitment and attitude of the management towards exporting (Axinn and Thach, 1990; Cavusgil and Zou, 1994; Singer and Czinkota, 1994; Gencturk and Kotabe, 2001; Lages and Montgomery, 2004; Ayan and Percin, 2005). Perceived export advantages also reflects significant degree of positive association with export performance (Ling-yee and Ogunmokun, 2001; Zou et al, 2003 and Karelakis et al, 2008) whereas perceived export barriers bears negative relationship with export performance (Diamantopoulos and Schlegelmilch, 1994). One of the less researched factors in this regard is the impact of corporate social responsibility undertaken by the firm’s management. A study of Brazilian exporters by Bohe and Cruz, 2010 contributes to the literature on corporate social responsibility and export performance by developing and empirically validating a model that explains under which conditions CSR-based product differentiation may lead to improved export performance.
(2). External Variables:

The previous section presented the impact of internal variables on export performance. This section reviews empirical studies that have dealt with the impact of external factors on export performance. They are divided into two sub-categories: *Foreign market characteristics, and Domestic market characteristics.*

*Foreign Market Characteristics.* An important variable in this context is the export market barriers faced by domestic firms in the foreign markets. These barriers are found to impact export performance of the firms adversely (Al-Hyari and Abutayeh, 2011). Likewise, the legal-political and socio-cultural environment prevailing in foreign countries also bear association with export performance of firms in home country. The sign of this relationship however differs on the basis of the nature of environmental conditions prevailing. For instance Ayan and Percin (2005) have found negative relationship for this variable in their study of 160 Turkish exporters, while Cadogan et al. (2012) and Sousa and Bradley (2009) found the relationship to be positive.

*Domestic Market Characteristics.* Within this category the use of export assistance has been the most prominent variable having significant positive association with export performance (Singer and Czinkota, 1994; Marandu, 1995; Gencturk and Kotabe, 2001; Alvarez, 2004; Francis and Collins-Dodd, 2004). Likewise, export market barriers existing in the home country also impacts export performance, although negatively (Carneiro, Rocha and Silva, 2011). Legal and political environment shows mixed results with positive association with export performance in case where such an environment is conducive for exporting activities and vice-versa (O'Cass and Julian, 2003). Exporters operating in more competitive environments can benefit most from engaging in exports (Cadogan et al, 2012). The impact of cluster membership as an external factor is relatively less focused upon in firm-level export performance studies. Although, clustering have been found to positively contribute to export performance of its members (Porter, 1990; Arcangelis, Giovanni and Padoan, 2002). Table 2.4 gives classification and frequency of appearance of determinants of export performance for the reviewed studies and Table 2.5 gives shows the type of association of respective variables with firms’ export performance as revealed from the reviewed studies.
Table 2.4. Classification and Frequency of Appearance of Determinants of Firm’s Export Performance

<table>
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<tr>
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</tr>
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</tr>
<tr>
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<td></td>
</tr>
<tr>
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<td>08</td>
</tr>
<tr>
<td>Age</td>
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</tr>
<tr>
<td>Technology innovation</td>
<td>I-FC-TI</td>
<td>08</td>
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<tr>
<td>International experience</td>
<td>I-FC-IE</td>
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</tr>
<tr>
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<td>Perceived export barriers</td>
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<td><strong>Foreign Market Characteristics (FMC)</strong></td>
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Source: Researcher’s Compilation
### Table 2.5. Influence of the Determinants on Firms’ Export Performance

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<td>09</td>
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<tr>
<td>Promotion/Advertising strategy</td>
<td>08</td>
<td>01</td>
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<td>07</td>
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<td>Export commitment and attitude</td>
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</table>

Source: Researcher’s Compilation
The following figure outlines the various measures and determinants of firm’s export performance obtained from the reviewed studies.

Figure 2.6. Determinants and Measures of Firm’s Export Performance of the Reviewed Studies

<table>
<thead>
<tr>
<th>Determinants of Export Performance</th>
<th>Measures of Export Performance</th>
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</thead>
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<tr>
<td><strong>Internal (I):</strong></td>
<td><strong>Observed Measures:</strong></td>
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<td>Export Marketing Strategy (EMS):</td>
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<tr>
<td>Product strategy</td>
<td>Profit related</td>
</tr>
<tr>
<td>Pricing strategy</td>
<td>Growth-Market share related</td>
</tr>
<tr>
<td>Promotion/ Advertising strategy</td>
<td>Composite scales</td>
</tr>
<tr>
<td>Distribution channel/channel relation</td>
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</tr>
<tr>
<td>Strategic decision making</td>
<td><strong>Perceived Measures:</strong></td>
</tr>
<tr>
<td><strong>Firm Characteristics (FC):</strong></td>
<td>Sales related</td>
</tr>
<tr>
<td>Size</td>
<td>Profit related</td>
</tr>
<tr>
<td>Age</td>
<td>Growth-Market share related</td>
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<td>Technology innovation</td>
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<td>International experience</td>
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<td>Location/Access to infrastructure and services</td>
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<td>Firm resources and capabilities</td>
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<tr>
<td><strong>Management Characteristics (MC):</strong></td>
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</tr>
<tr>
<td>Export expertise</td>
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<td>Export commitment and attitude</td>
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<td>Perceived export advantages and barriers</td>
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<td><strong>Domestic Market Characteristics (DMC):</strong></td>
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<tr>
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Source: Researcher’s Compilation
Hence, it is visible that the research on firm-level export performance has gone a long way from simple narratives of export behavior to more robust empirical framework explaining firm’s performance in international markets. Considerable advancement has been made particularly in the last decade towards empirical testing of factors leading to superior export performance by firms as well as the use of a broad range of measures for operationalizing firm-level export performance. Certain studies have also dwelled explicitly on developing concrete models and scales leading to strengthening of the theoretical foundations in this field (e.g. Cavusgil and Zou, 1994; Diamantopoulos and Schlegelmilch, 1994; Zou, Taylor and Osland, 1998 and Lages et al, 2004, etc.). Such contributions and others have formed the bases for empirical work in this field thereby lying conceptual and operational foundations of the various constructs including firm-level export performance itself and its multiple determinants.

This chapter presented a detailed review of major empirical work in the field of explaining firm-level export performance and highlighted the important variables determining the same. It also showed how the past research has tried to capture the multi-dimensional construct of firms’ export performance via the use of various individual indicators as well as composite scales. Finally, the concluding figure exhibits the determinants and measurements of firms’ export performance in a chart form for lucid representation and readers understanding. The next chapter continues with the highlighting the major gaps in previous research along with citing the research framework and hypotheses used in this study.