# Developing Dynamic Capabilities for Export Venture Growth: A Study of Turkish and US Export Manufacturing SMEs

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The candidate confirms that the work submitted is her own and that appropriate credit has been given where reference has been made to the work of others.

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## Dedication

*To my mother, Sengul Turgut*

## Abstract

Drawing on the dynamic capabilities theory and microfoundations notion, this thesis extends previous research on exporting by developing a theory-based model to examine the relationships of goal orientation and process thinking skills with dynamic capabilities, which in turn lead to export venture growth. The research also develops hypotheses concerning the role of market dynamism and competitive intensity in moderating the relationships of dynamic capabilities with export venture growth. The conceptual model is empirically tested using data from Turkey (204 responses) and the US (210 responses), focusing on export manufacturing small- and medium-sized enterprises (SMEs). The findings confirm that, while learning orientation significantly drives process thinking skills, prove orientation is not significantly associated with process thinking skills in either sample. On the other hand, prove orientation positively moderates the learning orientation-process thinking skills link in both samples. Concerning the outcomes of dynamic capabilities, the findings reveal that in the Turkish sample, dynamic capabilities affect all three aspects of export venture growth, namely, sales, profit and market share. However, in the US sample, this effect is significant for profit growth and market share growth performance aspects. Regarding the role of environmental conditions, in the Turkish sample, while market dynamism significantly moderates the effect of dynamic capabilities on sales growth and profit growth, its moderating effect on the relationship between dynamic capabilities and market share growth is insignificant. In the US sample, market dynamism does not moderate the impact of dynamic capabilities on any of the three aspects of export venture growth. Surprisingly, results do not support the moderating role of competitive intensity on the dynamic capabilities-export venture growth link in either sample. The results are discussed in the context of previous empirical

findings. Important implications for international marketing scholars and exporters are discussed. The thesis considers limitations of the study and discusses fruitful directions for future research.

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# Chapter 1  Introduction to the Study

## 1.1. Introduction

In this chapter, extant literature is elaborately reviewed to understand the key concepts and fields of this study. Firstly, the resource-based view is discussed as an underlying concept for understanding dynamic capabilities. Secondly, the dynamic capabilities view is examined in terms of its theoretical roots, various conceptualizations, and microfoundations. Thirdly, goal orientation and process thinking skills are discussed. Lastly, the pertinent firm performance literature is examined, and the justification of the selected performance outcome is provided. This detailed examination of the literature clarifies the existing gaps in related areas and contributes to the proposition of hypotheses.

## 1.2. Research Domain

Exporting, the most preferred way of internationalization (Chabowski et al., 2018), is broadly defined as the international exchange of products (goods and/or services) between two parties (Piercy, 1982). Export trade has a large portion of world economic activities. In 2016, the value of global exports reached $14.649 trillion and accounted for 30% of world GDP (World Bank, 2018). Therefore, it is obvious that exporting has a crucial role in the global trade and it is expected that the power of export will be stronger because of increasing globalization and competition in domestic markets (Czinkota and Ronkainen, 2003).

Beyond the benefits of exporting for the world economy, export activities also have significant importance for individual firms. Firms engaging export operations can possess sustainable competitive advantage as well as increase their growth and profitability (Katsikeas et al., 2000). Exporting requires fewer resources and flexible investment

(Johanson and Vahlne, 1977) as well as possesses lower risks than other more advanced entry modes, such as joint ventures and alliances (Katsikeas et al., 1996; Czinkota and Ronkanien, 2003; Lages and Montgomery, 2005). Evidently, firms do not withdraw from their export activities even after engaging other forms of internationalization (Nemkova et al., 2015). For small- and medium-sized enterprises (SMEs), exporting is an important route to growth (Cooper and Kleinschmidt, 1985). Therefore, the present study considers exporting as the main focus of research.

The present research is conducted among Turkish and US export manufacturing SMEs. These countries are selected on the basis of the essential statistics in the role of world economy and export activities. Turkey is in the list of countries with emerging economy and a member of the G20, international economic forum (g20, 2018). As Turkey was the 17$^{th}$ largest economy in the world in 2017 (with US$851,152 million GDP) (World Bank, 2018), it is one of the fastest-growing emerging economies in the world. This country has a substantive position in international markets. There are many Turkish firms operating globally. For example, the Boston Consulting Group's (2018) "BCG Global Challengers" reported six Turkish firms in the top 100 in emerging markets. Regarding the export activities, the apparel, foodstuffs, textiles, metal manufactures and transport equipment comprise the most of Turkey's export activities (Turkish Exporters Assembly, 2017). Given its $156.992 billion export volume in 2017 (Turkish Statistical Institute, 2018), Turkey is the 30$^{th}$ country in the world's merchandise export ranking list (CIA World Factbook, 2017). Further, 55.1% of exporting activities are run by SMEs in 2015 (Turkish Statistical Institute, 2016). Also, those export activities constitute 28% of 2015 GDP (The Union of Chambers and Commodity Exchanges of Turkey, 2016).

On the other hand, the United States is typically characterized as a developed country and constitutes the world's largest economy with a GDP of approximately $19.390 trillion in 2017 (World Bank, 2018). The US is the second largest export economy in the world, after China. In 2017, by exporting 223 countries in the world US exported $1.460 trillion (World Bank, 2018). The top export categories of the US are machinery, equipment, mineral fuels including oil, aircraft, spacecraft, and vehicles. Importantly, SMEs play a vital role in the growth and development of the US. In 2013, SMEs' share in total export value in the US was 28% (World Trade Organization, 2016) and they are the valuable source of innovation and entrepreneurial opportunities in the US economy (US International Trade Commission, 2010).

Exporting is crucial for Turkish manufacturing SMEs. Because of the nature of the economic conditions in Turkey, firms try hard to export their products to survive and grow. Turkish government provides financial support to these companies to strengthen their export activities. In the US, however, economy is more established. That is, environmental conditions in the marketplace along with the economy is not as volatile as they are in Turkey. Firms are more confident to survive in the marketplace. Therefore, Turkish and US export manufacturing SMEs provide an ideal empirical context in which to compare the proposed hypotheses.

### 1.3. Gaps in the Literature

There is a surge of studies on exporting over the 30 years. A distinct stream of exporting research focuses on the relevance and importance of the resource-based view of the firm in explaining export venture performance variations across firms. The resource-based view posits that competitive firms differ in terms of their resources and capabilities

(Helfat and Peteraf, 2003). This difference is a source of competitive advantage or disadvantage. According to this framework, valuable, rare, difficult to imitate and non-substitutable resources promote competitive advantage (Wernerfelt, 1984). Also, this framework assumes that the heterogeneity of firm's resources and capabilities lasts over time (Ambrosini and Bowman, 2009). In other words, the resource-based view does not consider the role of rapid changes in marketplaces. Therefore, scholars established the dynamic capabilities view (Teece et al., 1997). Dynamic capabilities are simply defined as the firm's ability to integrate, build and transform both internal and external competences to cope with environmental volatility (Teece et al., 1997). The dynamic capabilities theory emphasizes that instead of resource differentiation, the dynamic process of capability development across shifting business markets is the critical issue behind competitive advantage (Weerawardena et al., 2007). Hence, in contrast to the resource-based view, the dynamic capabilities theory takes the rapidly changing environment into consideration, which is definitely more suitable for current market conditions.

In essence, the dynamic capabilities framework was developed to shed light on not only competitive advantage but also the other valuable notions, such as value creation and maintenance in market (Teece, 2014), and performance (Menguc and Auh, 2006). Therefore, in literature, dynamic capabilities have been studied in various areas of business, such as new ventures (King and Tucci, 2002; Corner and Wu, 2011), public sector (Pablo et al., 2007), internationalization in born global firms (Weerawardena et al., 2007), multinational enterprises (Teece, 2007; Morris et al., 2014), service innovation (Janssen et al., 2016) and SMEs (Rice et al., 2015; Wilhelm et al., 2015). This wide range of studies shows that dynamic capabilities are invaluable both for academics and

organizations. Despite this importance, scant attention has been given to an explicit investigation of conceptualization and operationalization of dynamic capabilities and their impact on export venture performance. Therefore, this study intends to expand the current body of dynamic capabilities knowledge.

A review of the literature reveals that there is limited understanding about where dynamic capabilities emerge from (Ethiraj et al., 2005; Fainshmidt and Frazier, 2017). Antecedents to dynamic capabilities can be individual level, firm level or environment-network level (Eisenhardt and Martin, 2000). In other words, dynamic capabilities are not solely composed of organizational ability but also involve the entrepreneurial consciousness, imagination and human action (Teece, 2014), so individual-level notions, microfoundations, are also critical in understanding the origins of dynamic capabilities (Erikkson, 2013). The investigator employs microfoundations notion to create a model composed of individual-level antecedents and firm level outcomes of dynamic capabilities. Since the seminal paper by Teece and Pisano (1994), microfoundations of dynamic capabilities have been taken much attention of scholars. However, the number of empirical research about the managerial antecedents of dynamic capabilities remains limited (e.g., Pablo et al., 2007; Hsu and Wang, 2012). According to Teece (2014), in order to get a good grasp of dynamic capabilities, different disciplines and sub-disciplines in the social sciences should be utilized. In response to this, the investigator intends to investigate the influence of manager's goal orientation and process thinking skills on dynamic capabilities of their firms.

Goal orientation theory, rooted in educational psychology and child development, primarily reflects the goal preferences individuals pursue in achievement situations

(Dweck and Leggett, 1988; VandeWalle et al., 1999). This theory has emerged as an important motivational construct in organizational research reflecting individual differences in work-related behaviors and task performance outcomes. In this study, goal orientation is captured by two forms, namely, (1) learning orientation, and (2) prove orientation (VandeWalle et al., 1999). Learning orientation is associated with a focus on developing knowledge and increasing competence, whereas prove orientation focuses on demonstrating competence by outperforming others (VandeWalle, 1999).

Goal orientation theory claims that differences in goal orientation influence the nature and quality of skill development (Dweck, 1986; Stevens and Gist, 1997). The investigator suggests process thinking skills as outcomes of goal orientation. Process thinking skills refer to the ability to implement an existing process and think about how to enhance the process (Koskinen, 2012). The importance of managerial skills in dynamic capability development has still been overlooked (Morgan et al., 2018). To the best of investigator's knowledge, the effect of the process thinking skills on dynamic capabilities has not been examined before.

Drawing on the resource-based view and dynamic capabilities theory, it is clear that a firm's dynamic capabilities are central in its efforts to address changing business conditions. The influence of dynamic capabilities on firm performance is an important yet complicated issue among scholars. Specifically, while some academics (e.g., Hsu and Wang, 2012) documented a direct relationship between dynamic capabilities and firm performance, some others (e.g., Zott, 2003) stated an indirect relationship between these two firm-level constructs. What is more, although not empirically tested, some scholars contended that dynamic capabilities may negatively influence firm performance (e.g.,

Drnevich and Kriauciunas, 2011; Eriksson, 2014). This lack of consensus on the type of relationship between dynamic capabilities and firm performance may be due to different conceptualization and operationalization of dynamic capabilities (Protogerou et al., 2012). Indeed, while most of the dynamic capability studies focus on economic performance (e.g., Morgan et al., 2009), some others consider innovative or technological performance (e.g., Wu, 2006), environmental performance (Russo, 2009), or international performance (e.g., Jantunen et al., 2005). Thus, it seems necessary to study the dynamic capability-performance link further. In the marketing literature, growth outcomes of firms' marketing are infrequently investigated (Katsikeas et al., 2016). Therefore, in this study, performance outcomes are chosen as three growth aspects, namely, sales, profit, and market share. Further, in response to the lack of understanding in the relationship between dynamic capabilities and export venture growth, this research intends to investigate the moderating roles of marketing dynamism and competitive intensity.

Morgan et al. (2018) proposed that as exporters face with volatile country and industry environments, dynamic capabilities are particularly relevant in exporting context. Specifically, firms that operate in international markets are likely to face with various marketplace environments. These markets possess different aspects and levels of change (Morgan et al., 2018). Therefore, the value of dynamic capabilities for firms, requiring to deal with such dynamic complexity in effective and efficient way, would be particularly higher. Nevertheless, little attention has been given to empirical investigation of dynamic capabilities in exporting context. In response, by examining the managerial antecedents as well as growth outcomes of dynamic capabilities in Turkish and US export manufacturing SMEs, the investigator intends to fill this gap in the literature.

While the large portion of increase in growth in world economy comes from developed markets, countries with emerging economies also own their role by their competitive exporters (World Bank, 2018). In the literature, Fainshmidt et al. (2016) state that the value of dynamic capabilities depends on the economic context. The researchers both theoretically and empirically document that dynamic capabilities are more powerful antecedent of performance in developing economies. Accordingly, market-based institutions in developing countries are less developed than those in developed countries, which causes dynamic capabilities to be scarcer and more valuable in developing countries. Additionally, in developing economies, transparency of the sources of firms' capabilities is lower than in developed economies (Jacobides and Winter, 2005). This transparency enables firms to have unique dynamic capabilities and generate higher value in turn (Fainshmidt et al., 2016). Thus, even though dynamic capabilities are valuable to firms both in developed and developing-economy, the magnitude of this value is likely to differ (Fainshmidt et al., 2016).

In summary, the gaps revealed after a detailed review of the pertinent literature are:

1. Scant research attention to factors driving the development of dynamic capabilities for productively undertaking export venture operations
2. Lack of explicit conceptualization and operationalization of the dynamic capabilities construct in exporting and assessment of its impact on performance
3. Lack of attention to empirical investigation of drivers and outcomes of dynamic capabilities across emerging and advanced economies

## 1.4. Research Objectives

Drawing from the resource-based view and dynamic capabilities perspective, four sets of variables were identified as relevant and important to examine in this research. The first set of constructs is composed of managerial resources and skills, namely, goal orientation and process thinking skills. The second set represents the dynamic capabilities concept, which is the main focus of the research. The third set includes the growth outcomes of dynamic capabilities, namely, sales, profit, and market share. The fourth set comprises two external environmental factors, namely, market dynamism and competitive intensity. Thus, within the context of export venture operations of Turkish and US export manufacturing SMEs, the objectives of the present study are:

1. To investigate how specific managerial resources and skills affect dynamic capabilities in export venture operations
2. To study the nature and importance of dynamic capabilities in exporting and their impact on export venture growth
3. To examine the role of key industry factors in the connections between dynamic capabilities and export venture growth
4. To empirically test the research model across Turkish and US export manufacturing SMEs
5. To provide marketing scholars and export business practitioners with more nuanced understanding of drivers and growth outcomes of dynamic capabilities

## 1.5. Expected Contributions of the Study

The main purpose of this research is to examine dynamic capabilities in the context of export manufacturing SMEs in Turkey and the US. Specifically, managerial resources and skills that are conducive to dynamic capabilities, as well as the subsequent impact of these capabilities on growth, are examined in this study. This investigation is expected to make five main contributions to existing knowledge in the international marketing and strategic management literatures. These are outlined subsequently.

First of all, drawing on the microfoundations notion, the present study examines managerial resources and skills as individual level antecedents of dynamic capabilities in export ventures. More specifically, goal orientation and process thinking skills of managers are introduced as determinants of dynamic capabilities.

Second, the resource-based view and dynamic capabilities approach suggest that firms benefit from dynamic capabilities in generating performance. To the best of the investigator's knowledge, this study is the first to empirically investigate the contribution of dynamic capabilities to export venture growth with respect to sales, profit and market share. While sales and market share growth are the indicators of product market performance, profit growth is an indicator of a firm's accounting performance.

Third, the present study also attempts to examine the moderating roles of environmental factors, namely, market dynamism and competitive intensity, on the relationship between dynamic capabilities and the three aspects of export venture growth. This is because, in the international marketing literature, little is known under what conditions dynamic capabilities enhance export venture growth.

Fourth, the investigator tests the proposed conceptual model across export manufacturing SMEs in an emerging economy (Turkey) and an advanced country (the US). The results offer a better understanding of the nature and importance of dynamic capabilities in different economic settings.

Fifth, the findings of the current study provide valuable guidelines for marketing scholars and export managers in that they can have a better understanding of managerial sources and growth outcomes of dynamic capabilities.

## 1.6. Outline of the Thesis

The thesis is structured on the basis of seven chapters, with each chapter explaining the different stages that are involved in the overall research progress (Table 1.1). Chapter One presents the domain of the research and identifies gaps in the literature. It also provides the objectives and expected contributions of the research.

**Table 1.1: The Thesis Outline**

| Chapter Number | Chapter Title |
|---|---|
| 1 | Introduction to the Study |
| 2 | Literature Review |
| 3 | Research Model and Hypotheses |
| 4 | Methodology |
| 5 | Descriptive Results |
| 6 | Validity of Measures |
| 7 | Analysis and Results |
| 8 | Discussion, Implications and Limitations |

Chapter Two presents a detailed overview of the literature that is related to research objectives. Particular attention is given to the theoretical framework underpinning this research. Specifically, the resource-based view and dynamic capabilities approach are discussed. Emphasis is also placed on the introduction and definition of the main constructs of the study, namely, goal orientation (learning and prove), process thinking skills, export venture growth (sales, profit and market share), and external environmental factors (market dynamism and competitive intensity).

Chapter Three presents the overall conceptual framework of the research and a series of research hypotheses that are designed to guide this study. Seven hypotheses are advanced to explain the managerial antecedents and growth outcomes of dynamic capabilities. Also, the possible moderating roles of certain industry variables are examined.

Chapter Four explains the research methodology that was followed in the present research. It begins with explaining the philosophical foundation underpinning the study and the research design used. It continues with the discussion of the research approach, construct operationalization and survey instrument. Subsequently, data collection and data analysis approaches (i.e., validity, reliability, measurement invariance, descriptive analysis, correlation analysis, and hypothesis testing) are considered.

Chapter Five presents the descriptive characteristics of the data received from the survey. It provides an overall picture of the data and tendencies noted in responses of the survey participants. Specifically, this chapter demonstrates the descriptive properties of learning orientation, prove orientation, process thinking skills, dynamic capabilities, and three aspects of export venture growth, market dynamism, and competitive intensity.

Chapter Six focuses on the procedures that are followed to assess the validity of measures used to capture the research constructs. It presents various steps that are used to examine the reliability and discriminant validity of the measures, as well as measurement invariance and common method bias.

Chapter Seven presents the results pertaining to the tests of the research hypothesis. Specifically, both main and moderating effects are analyzed using structural equation modelling (SEM), and results are presented.

Chapter Eight presents an in-depth discussion of the findings in consonance with the findings of previous research. This final chapter also provides a series of implications for advancing extant theory and management practice. The chapter concludes with the limitations of this empirical investigation and suggestions for future research.

### 1.7. Summary

This chapter has provided the general outline of the thesis. It began with the discussion of the research context. The chapter has covered the background and latest developments, as well as gaps that motivated the investigator to undertake this research. Further, the introduction has presented the study objectives of study and the contributions it makes to the literature. The chapter has concluded with the presentation of the overall structure of the thesis. The next chapter will present key concepts and literature fields of this study.

# Chapter 2  Literature Review

## 2.1.Introduction

In this chapter, extant literature is elaborately reviewed to understand the key concepts and fields of this study. Firstly, the resource-based view is discussed as an underlying concept for understanding dynamic capabilities. Secondly, the dynamic capabilities view is examined in terms of its theoretical roots, various conceptualizations, and microfoundations. Thirdly, goal orientation and process thinking skills are discussed. Lastly, the pertinent firm performance literature is examined, and the justification of the selected performance outcome is provided. This detailed examination of the literature clarifies the existing gaps in related areas and contributes to the proposition of hypotheses.

## 2.1. The Resource-based Theory

The resource-based theory was first developed in a seminal work by Wernerfelt (1984) and received growing attention as a basis for explaining and predicting the firm's competitive advantage and performance (e.g., Barney 1991; Mahoney and Pandian, 1992; Peteraf, 1993; Wernerfelt, 1995). However, despite a surge of studies on this framework, there is still no consensus on using the term resource-based view or resource-based theory. The study of Kozlenkova et al. (2014) revealed that the number of studies referring to "resource-based theory" has increased, while the number of studies referring to the "resource-based view" has decreased. Consistent with this evidence, the investigator evaluates this framework as the resource-based theory.

The resource-based theory fundamentally theorizes that firm resources are the key to understand the sustained competitive advantage of the firm (Barney, 1991). Resources are basically defined as tangible and intangible assets that a firm uses to form and

implement its strategies (Barney and Arikan, 2001). A firm's financial capital resources (e.g., equity capital and debt capital) and physical capital resources (e.g., machines and buildings) are two examples of tangible resources. A firm's human capital (employees' experience, intelligence and training) and organizational capital (workplace culture and reputation in the marketplace) can be given as examples of strategies related to its intangible resources (Barney and Arikan, 2001).

It is important to note that not all resources are a source of sustained competitive advantage. Specifically, generation of sustainable competitive advantage is possible only if resources are simultaneously valuable, rare, imperfectly imitable and non-substitutable (so-called VRIN) (Wernerfelt, 1984). Therefore, resource-based theory proposes four conditions for possessing a potential source of advantage (Barney and Hesterly, 2008). Firstly, a resource is seen as valuable if it enables a firm to efficiently and effectively generate and implement a strategy to create superior performance (Barney and Arikan, 2001). Secondly, a resource is rare only if it is controlled by a small number of firms in the marketplace (Barney and Hesterly, 2008). Thirdly, a resource is imperfectly imitable if it is considerably costly to obtain or develop for firms that do not possess it (Barney and Hesterly, 2008). Lastly, a resource is counted as non-substitutable if "it can be uniquely used to help conceive of and implement a strategy" (Barney and Arikan, 2001, p.144). The contemporary version of resource-based theory evaluates non-substitutability under imperfect imitability and proposes organizational processes as a new fourth condition (Barney and Clark, 2007). Accordingly, if a resource is supported by organizational processes, policies and procedures, it can be counted as a potential source of superior performance (Barney and Clark, 2007).

## 2.2. Criticisms of Resource-based Theory

In spite of its popularity in extant literature, the resource-based theory gives rise to three major criticisms. The first major problem with resource-based theory is that this theory is tautological, true by definition and not possible to be tested (Kozlenkova et al., 2014; Bromiley and Rau, 2016). More specifically, if resources are defined as having a positive impact on performance, then it is ruled by definition that it is not possible for resources to negatively influence performance, producing the tautology. This creates problems for the quality of resource-based theory research (Kozlenkova et al., 2014). Further, this tautology problem arises in the measurement of resources. As inimitable resources, by definition, are intangible and hard-to-observe, measuring these resources is difficult. One possible solution suggested by Kozlenkova et al. (2014) is that, instead of outcome variables, resources should be defined in terms of exogenous variables. The second problem in resource-based theory is that theorists have not clearly stated the length or degree of sustainability (Kraaijenbrink et al., 2010; Kozlenkova et al., 2014; Bromiley and Rau, 2016). In other words, whether the sustained competitive advantage lasts one year or 10 remains unclarified (Armstrong and Shimizu, 2007). Thirdly, some scholars (e.g., Teece and Pisano, 1994; Eisenhardt and Martin, 2000; Wang and Ahmed, 2007) argue that, as this theory is quite static, it fails to address the effect of resources on firm success in dynamic environments. Therefore, the dynamic capabilities notion has emerged to explain how firms adapt to the changing marketplace conditions to survive.

## 2.3. The Dynamic Capabilities Theory

The concept of dynamic capabilities was first proposed as an approach to explain strategic change (Teece and Pisano, 1994; Teece et al., 1997). Later, dynamic capabilities were

assessed as theoretical foundations (Helfat and Peteraf, 2009). As mentioned above, the theory of dynamic capabilities can be viewed as an extension of the resource-based theory (Al-Aali and Teece, 2014) and its core ideas first proposed by Teece and Pisano (1994). Dynamic capability theorists simply state that a firm's competitive advantage arises from its routines and capabilities that help it gain new resources and knowledge as the environment changes. Examples of dynamic capabilities are technical innovation (Danneels, 2002), product development routines (Kozlenkova et al., 2014), knowledge creation processes (Kozlenkova et al., 2014), transfer processes (Kozlenkova et al., 2014), alliance development (Karim, 2006) and organizational structure reconfiguration (Lee et al., 2011).

In order to have a better understanding of the dynamic capability literature, it is primarily needed to elucidate the related terminology, i.e. processes, capabilities and routines. Processes are "a sequence of interdependent events" (Felin et al., 2012, p.1362). Capabilities are broadly defined as a "firm's capacity to deploy its resources" (Amit and Schoemaker, 1993, p.35). Hence, resources are used to generate capabilities (Wang and Ahmed, 2007). Routines are repetitive actions and interactions that have a firm-specific sequence and content (Feldman and Pentland, 2003; Abell et al., 2008). One difference between dynamic capabilities and routines is rooted in the level of change (Teece, 2012). More clearly, while dynamic capabilities are naturally change oriented (Zahra and George, 2002), routines are mostly stable (Teece, 2012). Furthermore, although routines reflect how activities are run, they do not necessarily identify, prioritize or pick these activities (Teece, 2012). Therefore, rather than routinized, some activities might be required to never replicated or to be nonroutine actions - dynamic capabilities.

Regarding the definition of dynamic capabilities, numerous conceptualizations have been proposed by scholars. Predominantly, dynamic capability is the changing character of the environment and it refers to "the firm's ability to integrate, build and reconfigure internal and external competences to address rapidly changing environment (Teece et al., 1997, p.516). It is important to note that the word "dynamic" qualifies the environment rather than the capability (Ambrosini and Bowman, 2009). Eisenhardt and Martin (2000) refined this early definition of Teece et al. (1997) and defined dynamic capabilities as "processes to integrate, reconfigure, gain and release resources – to match and even create market change." (p.1107). In addition to these two foundational definitions, several additional definitions are provided in the literature. Table 2.1 summarizes the different definitions of dynamic capabilities.

**Table 2.1. Main Definitions of Dynamic Capabilities**

| Study | Type of Study | Definition |
|---|---|---|
| Teece and Pisano (1994) | Conceptual | The subset of the competences and capabilities that allow the firm to create new products and processes and respond to changing market circumstances (p.541) |
| Teece et al. (1997) | Conceptual | The firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments (p.516) |
| Eisenhardt and Martin (2000) | Conceptual | The firm's processes that use resources—specifically the processes to integrate, reconfigure, gain, and release resources—to match and even create market change; dynamic capabilities thus are the organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, evolve, and die (p.1107) |
| Teece (2000) | Conceptual | The ability to sense and then seize opportunities quickly and proficiently (p.35) |
| Griffith and Harvey (2001) | Empirical | The creation of a difficult-to-imitate combination of resources, including effective coordination of inter-organizational relationships, on a global basis that provides a firm with a competitive advantage (p.597) |
| Zollo and Winter (2002) | Conceptual | A dynamic capability is a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness (p.340) |
| Winter (2003) | Conceptual | Those (capabilities) that operate to extend, modify, or create ordinary capabilities (p.991) |
| Aragon-Correa and Sharma (2003) | Conceptual | They consist of a set of specific and identifiable processes that, although idiosyncratic to firms in their details and path dependent in their emergence, have significant commonality in the form of best practices across firms, allowing them to generate new, value creating strategies (p.73) |

**Table 2.1: Main Definitions of Dynamic Capabilities (Cont…)**

| Study | Type of Study | Definition |
|---|---|---|
| Macpherson et al. (2004) | Empirical | The ability of managers to create innovative responses to a changing business environment (p.162) |
| Wang and Ahmed (2007) | Literature Review | A firm's behavioural orientation constantly to integrate, reconfigure, renew and recreate its resources and capabilities and, most importantly, upgrade and reconstruct its core capabilities in response to the changing environment to attain and sustain competitive advantage (p. 35) |
| Kale and Singh (2007) | Empirical | The capacity of an organization to purposefully create, extend, or modify its resources or skills (p.982) |
| Teece (2007) | Conceptual | Dynamic capabilities can be disaggregated into the capacity (a) to sense and shape opportunities and threats, (b) to seize opportunities, and (c) to maintain competitiveness through enhancing, combining, protecting, and, when necessary, reconfiguring the business enterprise's intangible and tangible assets (p.1319) |
| Ståhle and Bounfour (2008) | Conceptual | A learned pattern of collective activity through which the organization systematically generates and modifies its operational routines in pursuit of improved effectiveness (p.165) |
| Barreto (2010) | Literature Review | The firm's potential to systematically solve problems, formed by its propensity to sense opportunities and threats, to make timely and market-oriented decisions, and to change its resource base (p. 271). |

All the definitions listed in Table 2.1 prove that dynamic capabilities are conceptualized differently, which shows that a concise and comprehensive definition of dynamic capability has not been reached. Similarly, Di Stefano et al. (2014) emphasize that the definitions of dynamic capabilities lack consistency in terms of five issues: the nature, the agent, the action, the object and the aim. First of all, the nature represents various thoughts on what dynamic capabilities mainly are. In one sense, dynamic capabilities are conceptualized as latent action, such as ability and capacity (e.g., Zahra et al., 2006; Kale and Singh, 2007; Teece, 2007). On the other hand, there is another conception referring to the dynamic capabilities construct as its constituent elements, such as process/routine (e.g., Eisenhardt and Martin, 2000; Zollo and Winter, 2002). Second, the agent refers to the inconsistency in who are the experts in relation to dynamic capabilities. While some scholars (Teece et al., 1997; Zollo and Winter, 2002; Kale and Singh, 2007; Wang and Ahmed, 2007) claim that dynamic capabilities should fall under the managers' role, others state that they should be treated as organization-wide responsibilities (Zahra et al., 2006). Hence, the majority of definitions are in favor of the agency of organizations (Di Stefano et al., 2014). Third, the action is about the contrariety in "by doing what" (Di Stefano et al., 2014, p.312). Some definitions focus on changes in existing things (Zahra et al., 2006). On the other hand, most of the studies define dynamic capabilities in terms of changing existing things and creating something new (Di Stefano et al., 2014). Fourth, the object of the action refers to the debate in "on which direct object" (p.312). Accordingly, Teece (2000) states that the object is opportunities, whereas Teece et al. (1997) and Kale and Singh (2007) state that the object is competences and resources, respectively. Lastly, the aim of the construct is criticized in terms of the ultimate goal of the dynamic capabilities. In fact, it is notable to understand the outcome(s) of dynamic capabilities (Di Stefano et

al., 2014). Teece et al. (1997) and Eisenhardt and Martin (2000) define the purpose of this construct as adapting to the changing conditions. On the other side, there are definitions focusing on competitive performance outcome and using terms such as effectiveness (Zollo and Winter, 2002) and competitive advantage (Wang and Ahmed, 2007). Evidently, scholars have not yet come to a consensus on the definition of dynamic capabilities. This research follows the definition of Teece et al. (1997). Accordingly, dynamic capability is "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments" (p.516).

Dynamic capabilities are "neither vague nor tautologically defined" concepts (Eisenhardt and Martin, 2000, p.1106). That is, they include specific and identifiable routines and have broad empirical research bases. Further, they cannot be bought; instead, they are built inside the firm (Teece and Pisano, 1994), which makes them idiosyncratic capabilities. On the other hand, according to Eisenhardt and Martin (2000), although dynamic capabilities have unique characteristics in detail, they basically have common features across effective firms. In other words, as there are better and worse ways of performing managerial or organizations tasks, the necessary dynamic capabilities for use in such tasks have commonalities, which is opposite to the resource-based view.

Strong dynamic capabilities help firms in many ways. To begin with, dynamic capabilities are critical for gaining competitive advantage (Teece and Pisano, 1994; Rosenbloom, 2000; Wang and Ahmed, 2007; Teece, 2007). Wang and Ahmed (2007) claim that well-developed dynamic capabilities are a source of sustained competitive advantage. According to these researchers, dynamic capabilities are utilized to transform resources and capabilities into something precise to the firm. This transformation would

not be performed without a distinct, creative and firm-specific way, so it would not be simple to imitate the capabilities. Therefore, dynamic capabilities are antecedents to sustained competitive advantage. In other words, if a firm possesses resources and competences but lacks dynamic capabilities, it may make a competitive return only in the short run. Thus, superior returns cannot be sustained without employing dynamic capabilities (Augier and Teece, 2009).

### 2.3.1. Components of Dynamic Capabilities

Dynamic capability is mostly conceptualized as an aggregate multidimensional construct. Nevertheless, extant literature has different conceptualizations of the components of dynamic capabilities (e.g., Teece and Pisaso, 1994; Luo, 2000; Teece, 2007; Wang and Ahmed, 2007). Table 2.2 provides the conceptual and empirical studies regarding the components of dynamic capabilities.

As can be seen in Table 2.2, prior research has attempted to conceptualize the dimensions of dynamic capabilities. In the present study, the investigator adopts the dimensions of dynamic capabilities suggested by Teece (2007), namely, (1) sensing opportunities and threats, (2) seizing opportunities and (3) reconfiguring. These dimensions are chosen because, relative to others, they are empirically tested by several studies. These three dimensions of dynamic capabilities will be scrutinized in the next section.

**Table 2.2: Components of Dynamic Capabilities**

| Study | Type of Research | Components |
|---|---|---|
| Teece et al. (1997) | Conceptual | Reconfiguring, learning, integrating, coordinating |
| Eisenhardt and Martin (2000) | Conceptual | Resource integration, resource configuration, resource gaining and releasing |
| Luo (2000) | Conceptual | Capability possession, capability deployment, capability upgrading |
| Verona and Ravasi (2003) | Empirical | Knowledge creation and absorption, knowledge integration, and knowledge reconfiguration capabilities |
| Pandza and Holt (2007) | Empirical | Absorptive and transformative capabilities |
| Wang and Ahmed (2007) | Literature Review | Adaptive capability, absorptive capability, innovative capability |
| Teece (2007) | Conceptual | Sensing, seizing, reconfiguring (transforming) |
| Barreto (2010) | Literature Review | The propensity to sense opportunities and threats, the propensity to make timely decisions, the potential to make market-oriented decisions, the propensity to change the firm's resource base |
| Protogerou et al. (2011) | Empirical | Coordination, learning, competitive response |
| Pavlou and El Sawy (2011) | Empirical | Sensing, learning, integrating, coordinating (forming a higher-order formative dynamic capability construct) |
| Janssen, Castaldi and Alexiev (2016) | Empirical | Sensing user needs and (technological) options, conceptualizing, coproducing and orchestrating, scaling and stretching |

#### 2.3.1.1. Sensing

Sensing capability is the first component of dynamic capabilities and it is a process of scanning, creation, learning and interpretation (Teece, 2007). In other words, sensing refers to "the gathering of relevant marketing intelligence" (Kindström et al., 2013, p.1064). Sensing capability needs both local and global environments and markets to be chased, along with internal operations and customers (Hodgkinson and Healey, 2011). This type of capability enables firms to recognize the gaps in their activities (Wilden et al., 2018). Investment in research-related activities and monitoring of customers' current and prospective needs and technological developments are necessary for sensing and shaping new opportunities. Furthermore, sensing activity includes observing the conditions in markets, such as supplier and competitor responses. Sensing also comprises interpretation (Teece, 2007). When opportunities are detected, the next step to take is to find a way of properly interpreting the opportunities.

#### 2.3.1.2. Seizing

Seizing is the process of capturing the opportunities to create new resources, processes or services (Teece, 2007). It facilitates decision-making for creating a business model and allocating investment (Teece, 2007). The questions of where, when and how much to invest are critical to answer. Firms, therefore, are advised to develop a valid business model, which clearly defines their commercialization strategy and investment superiority. Speed is especially critical in this component of dynamic capabilities (Al-Aali and Teece, 2014). Extreme competition in business markets shortens the period of implementation of new opportunities. As a result, firms should properly manage the time necessary to seize new ideas. Further, in this decision-making process, managers are expected to have

special skills to make investment choices. They should be able to make unbiased judgments.

#### 2.3.1.3. Reconfiguring

Dynamic capabilities theory implies that reconfiguring (also known as transforming) concerns a firm's ability to make continuous reconfiguration, renewal and exploitation of its assets to effectively respond to the changing environment to attain an advantageous position (Teece et al., 1997). When firms solely focus on explorative activities and disregard exploitation ones, they fail to catch up with changes in environment and markets (March, 1991). Thus, Teece (2007) states that, when opportunities are addressed, enterprises should recombine and reconfigure their assets in line with those changes. Reconfiguring activities simply include revising business models, assets, routines, methods and organizational culture as well as terminating investments no longer required by the firm (Al-Aali and Teece, 2014). According to Teece (2007), while sensing and seizing abilities promote enterprise growth and profitability, reconfiguration is the key behind sustained growth in profits. In other words, renewal of the resources to survive in high-volatile environments is the most precious mission of dynamic capabilities. What is more, this reconfiguring component of dynamic capability is especially critical when firms try to address new radical opportunities (Teece, 2014; Al-Aali and Teece, 2014). Reconfiguration is also valuable in pursuing evolutionary fitness, i.e. doing right things (Teece, 2007).

### 2.3.2. Development of Dynamic Capabilities

Past research shows that the determinants of dynamic capabilities can be found at the individual, firm or environment-network level (Eisenhardt and Martin, 2000; Eriksson, 2014). Indeed, there are several studies in the extant literature that examine the antecedents of dynamic capabilities at different levels. The term ‘antecedents’ refers to the factors that influence the emergence of dynamic capabilities. These factors can either enhance or inhibit their development. Table 2.3 summarizes the research on causal mechanisms that contribute to the development of dynamic capabilities. It includes both conceptual and empirical studies.

**Table 2.3: Illustrative Research in Antecedents of Dynamic Capabilities**

| Study | Level of Antecedents | Antecedents | Type of Research |
|---|---|---|---|
| Zollo and Winter (2002) | Firm-level | Experience accumulation; knowledge articulation; knowledge codification | Conceptual |
| Adner and Helfat (2003) | Individual level | Human capital; social capital; cognition | Empirical |
| Pil and Cohen (2006) | Firm-level | Modular design practices | Conceptual |
| Rothaermel and Hess (2007) | Individual level | Intellectual human capital | Empirical |
| | Firm-level | R&D capability | |
| | Network-level | Strategic alliances with new technology providers; acquisitions of new technology firms | |
| Wu (2007) | Individual level | Entrepreneur resources (Specialized know-how; financial capital; managerial ability) | Empirical |
| | Firm level | Willingness for external partners' cooperation | |
| Desai et al. (2007) | Firm level | Resource re-configurability; social networking capability; market orientation | Empirical |

**Table 2.3: Illustrative Research in Antecedents of Dynamic Capabilities (Cont…)**

| Study | Level of Antecedents | Antecedents | Type of Research |
|---|---|---|---|
| Teece (2007) | Individual level<br>Firm level | Sensing: the distinct skills of employees<br>Sensing: processes, procedures, organizational structures, decision rules, and disciplines<br>Seizing: the selection of product architectures, business models, organisational boundaries, decision-making protocols, and the building of loyalty among employees<br>Reconfiguring: decentralisation, co-specialisation, governance and knowledge management | Conceptual |
| Danneels (2008) | Firm level | Willingness to cannibalize; constructive conflict; tolerance for failure; environmental scanning; slack resources | Empirical |
| Fang and Zou (2009) | Firm level | Resource magnitude; resource complementarity | Empirical |
| McKelvie and Davidsson (2009) | Individual level<br>Firm level | Human capital (education, business education, prior managerial experience, prior industry experience); Firm's access to knowledgeable and committed employees, firm's access to specific (technological and other) expertise; firm's access to tangible resources (financial capital, modern plant and equipment; firm's improvement to its resource bases (its reputational resources, operational resources and technological resources) | Empirical |

**Table 2.3: Illustrative Research in Antecedents of Dynamic Capabilities (Cont…)**

| Study | Level of Antecedents | Antecedents | Type of Research |
|---|---|---|---|
| Martin (2011) | Individual level | Executive leadership group characteristics | Empirical |
| Newey and Zahra (2009) | Firm level | Operational capabilities | Empirical |
| Dixon et al. (2010) | Firm level | Organizational learning | Conceptual |
| Wu (2010) | Firm level | International diversification | Empirical |
| Hodgkinson and Healey (2011) | Individual level | Cognition; intuition; emotional commitment; self-regulation of emotional response | Conceptual |
| Martin (2011) | Individual level | Executive leadership group characteristics | Empirical |
| Hsu and Wang, 2012 | Individual level | Human capital; structural capital; relational capital | Empirical |
| Rodenbach and Brettel (2012) | Individual level | CEO experience (CEO firm experience; CEO age; CEO international experience; CEO functional experience) | Empirical |
| Helfat and Peteraf (2015) | Individual level | Perception; attention; problem-solving and reasoning; language and communication; social cognition | Conceptual |
| von den Driesch et al (2015) | Individual level | CEO human capital (age and positional tenure); social capital (managerial tie utilization, trust, and solidarity); | Empirical |
| Wang et al. (2015) | Firm level | Success trap | Empirical |
| Bendig et al (2017) | Individual level | CEO core self-evaluation | Empirical |
| | Firm level | Firm human capital; social capital; organizational capital | |

As can be seen in Table 2.3, dynamic capabilities can be shaped by various factors from different levels. Of these studies on antecedents to dynamic capabilities, the comprehensive study of Teece (2007) provides a focal contribution with regard to the microfoundations of these capabilities. Eisenhardt et al. (2010) define microfoundations as individual-level and group-level actions that shape strategy and organizations. Accordingly, Teece (2007) examines the specific microfoundations for each of three dimensions, namely, sensing, seizing and reconfiguring. Although the antecedents of each dimension may differ, the researcher states that they all comprise an entrepreneurial and 'right brain' component. Therefore, the managers play a role in all three dimensions of dynamic capabilities. However, Easterby-Smith et al. (2009) conducted a review study on dynamic capabilities and revealed that more research needs to be carried out to clarify the links between dynamic capabilities and more micro, i.e. managerial, issues. Similarly, Eriksson (2014) reviewed the current literature on dynamic capabilities and revealed that the effect of individual-level factors on these capabilities is still under-recognized. Therefore, this study will continue with the examination of the microfoundations concept and the proposed microfoundations of dynamic capabilities afterwards.

### 2.3.3. Microfoundations Concept

The microfoundations notion is not a new concept (Felin et al., 2012). In natural science, it is associated with "reduction" or "decomposition", while it is associated with "methodological individualism" in the philosophy of social science (Felin et al., 2012). In social sciences, basically, there are two kinds of variables, namely, dependent variables (explananda) and independent variables (explanans) (Abell et al., 2008). In strategic management, dependent variables generally are above the individual level. For example,

firm performance, vertical integration and competitive rivalry are above the individual level. On the other hand, independent variables would be macro level, i.e. industry level or firm level. Also, they might be micro level, i.e. individual level. So, when scholars study such issues, they should consider levels of phenomena. In this study, individual-level antecedents, microfoundations, of dynamic capabilities are investigated. Micro-level studies mainly focus on individual-level action and interaction (Abell et al., 2008).

According to dynamic capability theory, managers play a pivotal role in sensing opportunities, capturing these opportunities and making adequate investments, and continuous renewal (Augier and Teece, 2008). As illustrated in Table 2.4, in the extant literature, dynamic capabilities are (empirically and conceptually) documented as being influenced from numerous managerial-level factors, such as age (von den Driesch et al., 2015), experience (von den Driesch et al., 2015), intellectual capital (Hsu and Wang, 2012), cognitive capabilities (Helfat and Peteraf, 2015), affective capabilities (Hodgkinson and Healey, 2011) and core self-evaluation (von den Driesch et al., 2015).

Drawing from the previous research regarding the importance of managerial resources and skills, this research contends that managers' goal orientation and process thinking skills are related to dynamic capabilities. In the following part of the chapter, these two concepts are discussed in detail in terms of underlying theory/theories and nature.

## 2.4. Goal Orientation

Goal orientation was originally developed in educational psychology and child development literatures as an application of Atkinson's (1964) achievement motivation theory (Dweck, 1986; Dweck and Leggett, 1988; Elliott and Dweck, 1988). Achievement

motivation basically reflects "the energization and direction of competence-based affect, cognition, and behaviour" (Elliot, 1999, p.169). While extant literature has numerous theoretical conceptualizations of achievement motivation, the most influential and popular one is the achievement goal perspective (Elliot, 1999). Achievement goals are viewed as the purpose of competence-relevant behaviors (Maehr, 1989). Achievement goal theorists propose two types of goals, namely, mastery goals and performance goals (e.g., Nicholls, 1984; Dweck, 1986). Mastery goals predominantly focus on the development of competence and ability, whereas performance goals focus on the demonstration of competence to others (Elliot, 1999). It is necessary to note that goal orientation is not related to the context of the goal. Rather, it is about why and how individuals try to achieve various goals (Anderman and Maehr, 1994).

It is also worth noting that, while different achievement goal theorists use different labels for their two goal types – e.g., Dweck (1986) proposes performance goals and learning goals; Nicholls (1984) contrasts ego involvement and task involvement; Butler (1992) distinguishes between mastery goals and ability goals – their conceptualizations are similar enough to see the distinction between improving and validating competence (VandeWalle, 1997). Later, Sujan et al. (1994) adapted this perspective to the workplace environments. Accordingly, the scholars label the perspective of differences in salespeople's goals as *goal orientation*, which has two types, learning orientation and performance orientation. Therefore, in the work context, a learning orientation pushes employees to develop and improve their skills by taking part in challenging tasks, whereas a performance orientation leads employees to show their competence and avoid negative judgments (Sujan et al., 1994). As this conceptualization was used frequently in the

previous studies (e.g., Paparoidamis, 2005), the investigator uses these terms throughout this study.

Dweck and Leggett (1988) find that individuals hold two different implicit theories that lead them towards different goal orientations. Accordingly, individuals with learning goal orientation lean towards an incremental theory about their competences (Dweck and Leggett, 1988). They believe that ability is malleable (increasable and controllable) in that it can be developed through effort (VandeWalle, 2001). On the other hand, individuals with performance goal orientation tend to hold an entity theory about their ability (Dweck and Leggett, 1988). Entity theory claims that ability is fixed and uncontrollable, hence, it is not possible to develop new competences (VandeWalle, 1997).

Further, goal orientation determines an individual's reactions to task difficulty or failure (Elliot and Dweck, 1988). Learning-oriented individuals pursue an adaptive response pattern in that, in case of setbacks, they are prone to persist, try hard and look for effective alternative strategies. Failures and mistakes, therefore, are stated as paths to accomplishment. On the other hand, individuals with a performance orientation pursue a maladaptive response pattern such that, when faced with failure, they are prone to withdraw from the task and demonstrate decreased interest (Elliot and Dweck, 1988).

The original conceptualization of goal orientation states that learning and performance orientations are opposite ends of a continuum, i.e. mutually exclusive (e.g., Dweck, 1986; VandeWalle, 1997). Accordingly, individuals either follow learning orientation or performance orientation but not both simultaneously. However, further studies (e.g., Button et al., 1996; Kohli et al., 1998; Janssen and Van Yperen, 2004) support that they

are two distinct types of goal orientation. Thus, individuals may have both learning and performance orientation (Payne et al., 2007).

Extant research on performance orientation has inconsistencies in that its relation to task performance is found to be insignificant or modestly negative (e.g., VandeWalle, 1997). This is because the performance dimension of goal orientation has both positive (demonstrating competence) and negative (avoiding negative evaluations) facets. In order to solve this problem, VandeWalle (1997) and Elliot and Church (1997) suggested a new conceptualization of goal orientation as a three-factor model instead of a two-factor one. In this manner, as a remedy, these scholars divided performance orientation into two dimensions, prove and avoid. Prove orientation is related to demonstrating competence to others and gaining positive judgment; whereas avoid orientation is defined as the focus of an individual to avoid negative evaluation by others (VandeWalle, 1997; Elliot and Church, 1997). Prove-oriented people are prone to avoiding challenging tasks (VandeWalle, 2001). Performance orientation in the original formulation of goal orientation refers to prove orientation (Dietz et al., 2015). Therefore, the thesis continues with the discussion of avoid goal orientation.

Avoid orientation focuses on not demonstrating incompetence to others and experiencing negative judgment (VandeWalle, 1997). Avoid orientation causes individuals to stay away from challenging tasks more than prove orientation does. This is because prove-oriented individuals see opportunities as a way of surpassing others (Harackiewicz et al., 2002). Extant research on goal orientation clearly shows that, while prove orientation is associated with positive outcomes, avoid orientation is associated with negative outcomes such as anxiety, low self-efficacy and self-handicapping (Payne et al., 2007; Chadwick

and Raver, 2015). This study investigates the positive contribution of export managers' goal orientation to their process thinking skills. Therefore, the avoid aspect of goal orientation is excluded from the current study and attention is given exclusively to learning orientation and prove orientation.

Recently, some scholars (e.g., Elliot and McGregor, 2001; Conroy et al., 2003) have also suggested the application of multidimensionality of performance goal orientation to learning goal orientation. However, this framework is quite infrequent in the extant literature. What is more, while goal orientation is sometimes studied with respect to individual characteristics (Sujan et al., 1994; Kohli et al., 1998), there are some other studies evaluating goal orientation in terms of team (e.g., Lee and Yang, 2015; Unger-Aviram and Erez, 2016) or organization characteristics (e.g., Che-Ha et al., 2014). As the present study investigates the goal orientation of managers, goal orientation is conceptualized as an individual-level construct.

Drawing from these studies, the investigator claims that export managers may be motivated by the desire to learn new things, or by the desire to show their competences to their colleagues in the workplace. To the best of the investigator's knowledge, the effect of goal orientation on export managers' process thinking skills has not been studied before in the literature. The hypothesized relationships between the two types of goal orientation and process thinking skills are discussed in Chapter Three.

### 2.5. Process Thinking Skills

The concept of process thinking was first introduced by Malter (2000) based on the decision-making literature. It is basically viewed as a "mental simulation of dynamic

processes" (p.8). Langley (2007) defines process thinking as a "considering phenomenon dynamically in terms of movements, activities and events, change and temporal evolution" (p.271). In marketing, process thinking helps managers understand dynamic competitive markets and plan successful marketing strategies and programs (Malter, 2000). Specifically, process thinking is an ability underlying the understanding of marketing processes at both micro level and macro level (Malter, 2000). It helps individuals to understand both simple and complex things and also how they evolve over time.

Process thinking skills are conceptualized as two dimensional, namely, process implementation thinking skill and process improvement thinking skill (Dickson et al., 2017). Process implementation thinking skill is viewed as the individual's ability to implement an existing process. This type of skill basically concerns remembering the particular actions to be implemented in the correct order. Managers skilled at this type of thinking can better introduce and routinize new processes (Dickson et al., 2009). They are also good at mapping processes, and deploying new employees and new technology.

Process improvement thinking skill is viewed as the manager's ability to think about how to change a process for its betterment (Dickson et al., 2017). Managers skilled at this type of thinking have the codified and tacit knowledge necessary to understand the possible reasons for problems in work processes. This skill helps managers to be open to changes in processes. Further, managers with high process improvement thinking skill are creative in formulating, designing and redesigning processes (Dickson et al., 2009). They are also good at anticipating the unintended consequences of changing a process on other processes. This said, however, empirical research on the role of process thinking skills at work has only started to develop very recently (Dickson et al., 2009; Dickson et al., 2017).

Therefore, to address this gap, this research attempts to explore the role of managers' process thinking skills in the formation of dynamic capabilities.

## 2.6. Business Performance

Firm performance is one of the most vital concepts in literature. Particular attention has been given to the conceptual and operational issues of performance in various fields including marketing (Zou et al., 1998; Morgan, 2012; Katsikeas et al., 2016), international business (Hult et al., 2008), strategic management (Venkatraman and Ramanujam, 1987; Carton and Hofer, 2006) and organizational science (Keats, 1988; March and Sutton, 1997; Miller et al., 2013). However, despite its importance, there are still serious conceptual and empirical problems in applying this concept in a scientific way (Carton and Hofer, 2006; Diamantopoulos and Kakkos, 2007; Hult et al., 2008; Miller et al., 2013; Katsikeas et al., 2016).

Drawing upon pertinent literature, the next section of this chapter deals with the understanding of the business performance construct, concerning its theoretical background and operationalization.

### 2.6.1. Assessment of Business Performance

There are various performance outcomes examined in previous marketing studies, such as product-market, financial-market, operational and overall effectiveness (Hult et al., 2008; Morgan, 2012). Katsikeas et al. (2016) state that researchers should be consistent across their conceptualization and operationalization of performance. Therefore, researchers propose a framework that represents five critical issues to be considered in the conceptualization and operationalization of marketing performance. These criteria

are: theoretical rationale, conceptual approach, aspects of performance, referents and time horizon. These five aspects are discussed in detail below.

First, theoretical rationale concerns the clear definition and the conceptual rationale of the definition (Katsikeas et al., 2016). However, 92% of the studies in the marketing area lack a definition and no theoretical justification of conceptualization of performance has been adopted.

Conceptual framework is the second issue that marketing researchers should consider in examining performance outcomes (Katsikeas et al., 2016). Miller et al. (2013) specify three main conceptual approaches that are utilized in performance evaluation, namely, (1) latent conceptualization, (2) separate conceptualization and (3) aggregate conceptualization. First, in latent conceptualization, dimensions of performance are assumed to be largely related to each other and covary. In this type of conceptualization, performance is assessed as shared variance among indicators of its components (Katsikeas et al., 2016). Second, some researchers treat performance dimensions as separate constructs that are related to one or more aspects of the ultimate performance construct. Third, scholars may evaluate performance as a composite or mathematical combination of various dimensions, which do not necessarily covary.

Third, performance aspects represent the type(s) of performance outcomes assessed (Morgan et al., 2002). Performance is viewed as a multifaceted high-order construct composed of several dimensions (March and Sutton, 1997). On the basis of this multidimensional approach, Katsikeas et al. (2016) identified six facets that may be utilized to assess marketing performance. These dimensions are: (1) customer mindset; (2) customer behavior; (3) customer-level performance; (4) product-market performance;

(5) accounting performance; and (6) financial-market performance. The customer mindset aspect concerns the customer's perceptions of and attitudes towards the firm. An illustrative measure can be satisfaction (e.g., Reimann et al., 2010). The customer behavior aspect is measured in terms of customer purchase and post-purchase behaviors, such as retention (e.g., Leonidou et al., 2013). Customer-level performance is assessed using the financial value of a firm's customers and typical measures are customer lifetime value (CLV) (e.g., Kumar, 2008) and brand equity (e.g., Kumar and Shah, 2009). Product-market performance is typically measured in terms of the purchase behavior responses of customers in the target market (e.g., Morgan et al., 2002). Frequently used measures are market share (e.g., Baker and Sinkula, 2005; Morgan et al., 2004; Kaleka, 2012) and sales growth (e.g., Ensley et al. 2006; Theodosiou and Katsikea, 2013). The accounting aspect of performance concerns the firm's financial statements and reports. Profitability (e.g., Cavusgil and Zou, 1994; Ju et al., 2014; He et al., 2013) is an example for the measurement of this aspect of performance. The financial-market facet concerns the firm's performance in stockholder or debtholder markets. Total shareholder returns (e.g., Morgan and Rego, 2006) and risk (e.g., Rego et al., 2009) are examples of the financial-market performance measure.

Fourth, referents are the standards against which performance is assessed (Morgan et al., 2002). In order to better evaluate performance outcomes, the performance standards should be presented (Katsikeas et al., 2016). Katsikeas et al. (2016) identified six standards: (1) absolute; (2) temporal; (3) inputs; (4) competition-industry; (5) firm's goals; and (6) stock market. Absolute represents the absence of any referent; temporal is the performance on the same criterion in other time frames; input refers to the resources consumed; competition-industry concerns performance on the same outcome as the firms'

rivals; firm's goal is used to examine the rate at which the firm's desired or planned performance outcomes are achieved; and stock market represents the comparison of the firm's stock-related performance outcomes with those of the whole stock market.

Fifth, time horizon concerns the temporal orientation followed in the performance outcome (Katsikeas et al., 2016). Katsikeas et al. (2016) identify three types of temporal periods adopted in performance measurement: (1) historical; (2) current; and (3) future. Historical represents the assessment of performance in the past relative to that of the independent variables. Current study represents that the data of performance and independent variables are collected from the same time period. Future concerns the collection of performance data over a particular future period relative to that of the independent variables.

In addition to these five evaluative criteria, performance measurement differs in terms of source of data – primary, secondary – and mode of assessment – objective, subjective (Venkatraman and Ramanujam, 1987). Primary data concerns the collection of data directly from the target organization. Secondary data are obtained from sources external to the target organization. Regarding the mode of assessment, while objective measurement of performance is based on an established system, subjective measurement is perceptual and based on judgments of firm managers, employees and so on.

This thesis investigates the firm performance in export activities. Thus, the next section of this chapter deals with the understanding of export performance, concerning its unit of analysis and multidimensionality.

### 2.6.2. Export Performance

Export performance, deployed as a dependent variable in most of the exporting studies, is defined as the outcome of the exporter's activities in export markets (Shoham, 1996; Katsikeas et al., 2000). Specifically, export performance refers to "the extent to which a firm's objectives, both economic and strategic, with respect to exporting a product into a foreign market, are achieved through planning and execution of export marketing strategy" (Cavusgil and Zou, 1994, p.4). The importance of the contribution of export performance to the overall firm performance has been increasing with globalization (Kaleka, 2012). It is seen as one of the key indicators of the success of a firm's export operations, in that it has been an extensively examined phenomenon.

As exporters operate various export venture activities, the firm's overall export performance consists of the sum of the performance of all the export ventures. In other words, firm-level analyses of performance are based on the aggregation of all the firm's different export product-market ventures. On the other hand, venture-level performance analysis focuses solely on the particular product or product line exported to a specific country. Hence, venture-level analysis can overcome the problem of confounded findings caused by averaging all export ventures (Cavusgil and Zou, 1994; Morgan et al., 2004: Robson et al., 2008). Thus, the focus of the present study is on the export venture performance of a firm. The export venture is defined as the firm's efforts in a single product or product line exported to a specific foreign market (Katsikeas et al., 2000).

In the export performance literature, a large number of studies have focused on the identification of the factors that reflect exporting success (e.g., Zou et al., 1998). Indeed, several researchers suggest that export performance is multidimensional and cannot be

measured by a single indicator (e.g., Cavusgil and Zou 1994; Diamantopoulos and Kakkos, 2007). However, definite and unambiguous guidelines on the selection of dimensions for measuring export performance are still lacking (Sousa et al., 2008). After detailed examination of performance dimensions used in marketing, Katsikeas et al. (2016) state that there is a lack of sufficient information about the growth facet of performance. With this in mind, the investigator employs the three aspects of export venture performance, namely, sales growth, profit growth and market share growth.

In order to capture the export venture growth adequately, the investigator followed the guidelines of Katsikeas et al. (2016). While the conceptualization of export venture performance is discussed in detail in the following section, the operationalization will be assessed in Chapter Four.

### 2.6.3. Export Venture Growth

Growth is broadly defined as a change in size over any given time period (Dobbs and Hamilton, 2007). The most comprehensive, adequate and popular theory on growth was developed decades ago by Penrose (1959). Since then, growth has been used as a measure for business performance (e.g., Venkatraman and Ramanujam, 1987; Capron and Hulland 1999; McKelvie and Wiklund, 2010; Ruiz-Ortega and García-Villaverde 2008; Luo et al., 2004; Morgan et al., 2009; Morgan et al., 2012). Growth is seen as a main goal in many firms (Farris et al., 2006). It is considered to be a crucial dynamic measure of performance (Ames, 1968). Growth not only provides the opportunity for high financial return but also increases a firm's chance of survival in the marketplace (Davidsson and Delmar, 1997; Taylor and Cosenza, 1997).

Drawing on the discussions and guidelines on the approach to performance measurement that are mentioned in the previous section, this study employs three aspects of growth to capture the export venture performance. More specifically, performance outcomes of dynamic capabilities are examined in terms of sales growth, profit growth and market share growth. In this study, sales growth represents change in the percentage of the export venture's export product sales in the previous year (Devinney et al., 2010; Nobeoka and Cusumano, 1997; Ensley et al., 2006; Hmieleski and Corbett, 2008). Sales growth is evaluated under the product market aspect of performance (Katsikeas et al., 2016). Profit growth concerns the change in percentage of the export venture's export profit over the previous year. It is evaluated under the accounting aspect of performance (Katsikeas et al., 2016). For firms seeking to improve their financial position in the market and increase stock value, profit growth is a critical objective (Brealey et al, 2008). Market share growth can be defined as the percentage change in the export venture's market share in the previous year. Market share growth is one of the most frequently used measures of the product market aspect of performance (Baker and Sinkula, 2005; Katsikeas et al., 2016). This aspect of performance provides an overview of a firm's position and strength in the marketplace (Brush et al. 2000).

In this research, the investigator evaluates sales, profit and market share growth as three separate constructs of performance. Further, as they are evaluated over the previous year, the temporal referent and historical type of time horizon are chosen.

### 2.7. The role of External Environment

External environmental factors refer to the elements that shape the characteristics of the markets in which the firm operates. These factors are largely uncontrollable (Aaby and

Slater, 1989) and depend on the political-legal, economic, socio-cultural and technological conditions of the markets of interest (Wheeler et al., 2008). The previous research shows that export performance is influenced by various export venture market characteristics (Sousa et al., 2008). This study employs the external environmental factors of environmental dynamism and competitive intensity as they capture the characteristics of the export venture marketplace.

Market dynamism, also known as market turbulence or volatility, pertains to the rate of change in the composition of customers and their preferences (Jaworski and Kohli, 1993). In unpredictable environments, firms need to modify their products and services constantly in order to ensure customer satisfaction. On the other hand, in relatively stable markets, as customer needs and preferences do not change dramatically, firms do not need to focus on constant modification. Further, the more the market is dynamic, the more the firms need to make frequent, unexpected adjustments to their business strategies and/or operations (Kim, et al., 2009).

Competitive intensity is defined as the number of rivals in the export venture marketplace and their ability and willingness to respond to competitive actions (Jaworski and Kohli 1993). Higher competitive intensity means greater uncertainty in a marketplace. High competition in the marketplace results in multiple choices for customers (Kohli and Jaworski, 1990). In contrast, firms tend to operate better in the absence of competition as customers lack alternative options. Therefore, a firm should monitor and respond to shifting customer needs and preferences to ensure that the customer prefers its offerings over competing alternatives (Kohli and Jaworski, 1990).

As many export manufacturers operate their export activities in multiple foreign markets, they simultaneously face different environments, such as stable, dynamic, highly competitive, no competition. Therefore, the investigator contends that unpacking the two facets of export venture environment, namely, market dynamism and competitive intensity, enriches the understanding of how environment influences the contribution of dynamic capabilities to firm performance. The hypothesized moderating roles of these two environmental factors on the link between dynamic capabilities and export venture growth are explained in Chapter Three.

## 2.8. Summary

This chapter has presented an extensive overview of pertinent literature streams related to the concepts investigated in this research. To this end, the chapter has first reviewed the resource-based theory as an origin of dynamic capabilities theory. Later, dynamic capabilities have been assessed along with their conceptualization, components and antecedents. Further, the chapter has focused on the microfoundations of dynamic capabilities, namely, goal orientation and process thinking skills. Next, business performance has been assessed in a comprehensive manner. Selected aspects of performance along with the role of external environmental factors have been mentioned. The next chapter will discuss the proposed research model and hypothesized relationships between the constructs included in the conceptual framework.

# Chapter 3 Research Model and Hypotheses

## 3.1. Introduction

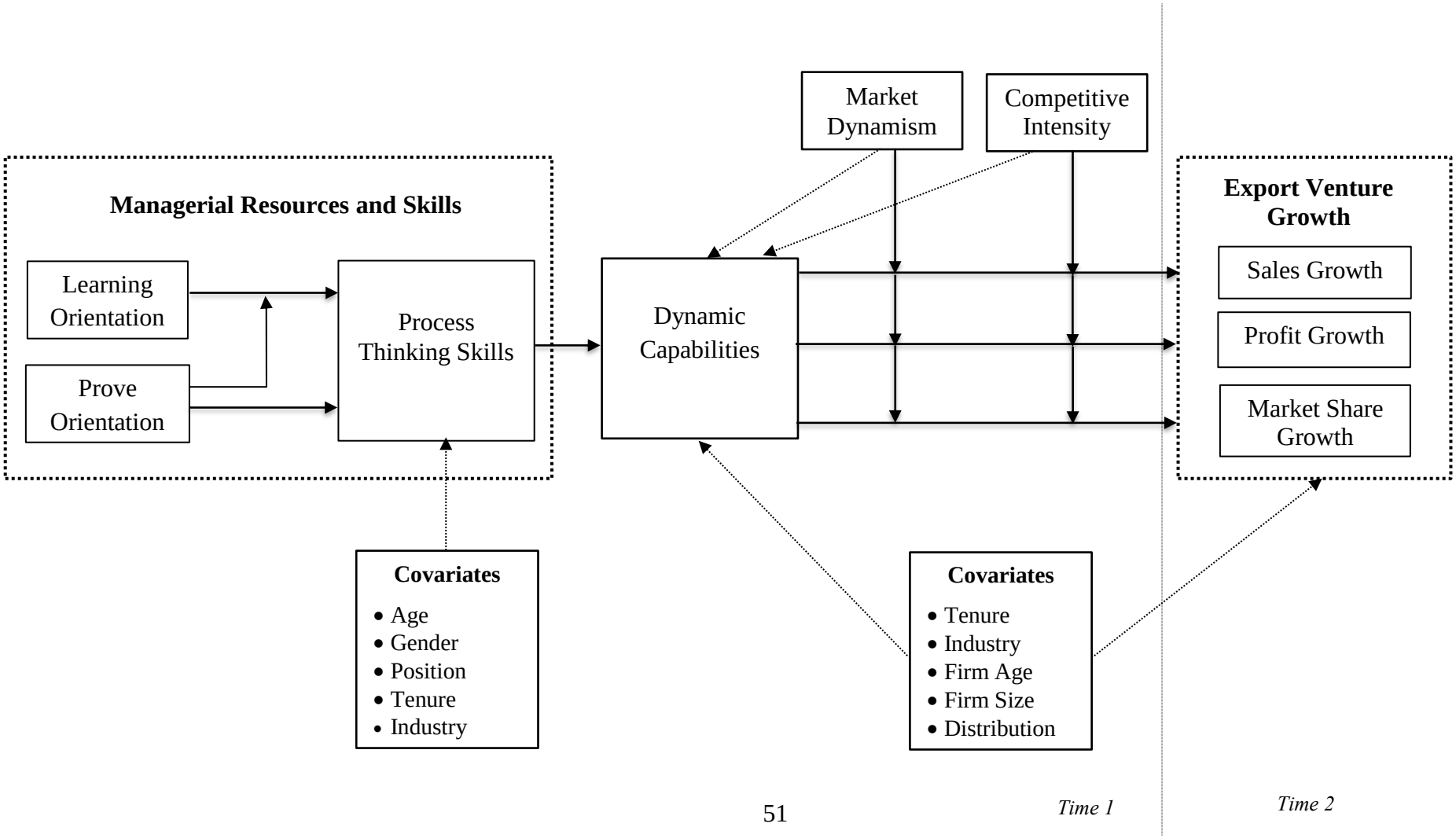
This chapter identifies the hypotheses that are explored in this thesis. To this end, seven main hypotheses are proposed with regards to the managerial antecedents and growth outcomes of dynamic capabilities. These hypotheses are composed of main and moderating relationships and mainly based on the theoretical arguments of past empirical findings.

## 3.2. Conceptual Framework

The conceptual framework proposed in this research is outlined in Figure 3.1. The model broadly illustrates the managerial antecedents and growth outcomes of dynamic capabilities in export venture markets. In order to avoid causality problems, the research data were collected at two points in time, as illustrated in Figure 3.1.

The conceptual model is simply composed of managerial resources and skills (learning orientation, prove orientation and process thinking skills), dynamic capabilities and export venture growth (sales, profit and market share). Furthermore, the two external environment factors, namely, market dynamism and competitive intensity, moderate the link between dynamic capabilities and export venture growth. What is more, the conceptual model proposed in this research includes various control variables: individual-level, firm-level and market-level.

**Figure 3.1: Conceptual Model**



Based on the previous research, the conceptual framework in the study suggests that export managers' learning orientation and prove orientation positively influence their process thinking skills. Further, the conceptual model indicates that an export manager's process thinking skills have a positive impact on the exporter's dynamic capabilities. Also, dynamic capabilities are drivers of export venture growth in terms of sales, profit and market share aspects. What is more, the proposed conceptual model indicates that the link between learning orientation and process thinking skills is positively moderated by prove orientation. Lastly, the links between dynamic capabilities and export venture growth aspects are positively moderated by market dynamism and competitive intensity. In the following sections, these hypothesized relationships in the research model will be argued in detail.

## 3.3. Research Hypotheses

In line with the conceptual framework, four hypotheses were proposed for the direct relationships. For the moderation effects, three hypotheses were formed and these seven hypotheses are discussed in detail along with the control variables included in the model in the following sections.

### 3.3.1. Goal Orientation and Process Thinking Skills

As defined in the previous chapter, process thinking skills refer to the export manager's ability to implement an existing export venture-related process and think about how to enhance this process (Koskinen, 2012). Managers vary in their propensity to implement a process, resist process change and think about new processes (Dickson et al., 2009). Within the context of exporting, the investigator claims that goal orientation theory can

be helpful in explaining why some export managers have a higher ability to implement and improve export venture-related work processes. Goal orientation concerns the export manager's disposition in achievement situations (VandeWalle, 1997). Goal orientation theorists contend that differences in goal orientation influence the nature and quality of skill acquisition and generalization (Dweck, 1986; Stevens and Gist, 1997).

In this study, two types of goal orientation, namely, learning orientation and prove orientation, are adapted. Learning orientation captures the export manager's desire to develop new skills, to master new situations and to improve competence. On the other hand, prove orientation refers to the export manager's desire to demonstrate competence to others and gain positive judgment.

As mentioned in the literature review chapter of the thesis, learning orientation is related to personal development and growth (VandeWalle et al., 1999). Individuals with learning orientation chase new skills and knowledge to develop their competences (Dweck, 1986; Dweck and Leggett, 1988). These individuals believe that development in competence is achievable with high self-efficacy (VandeWalle, 2001). What is more, the previous empirical research revealed that learning-oriented employees are empirically proved to work hard and smart, prone to develop skills and knowledge which are necessary to improve their capabilities (Sujan et al., 1994) and be creative (Gong et al., 2009). They may use this creativity to think about, design and redesign processes (Dickson et al., 2009). They may also be good at anticipating the unintended consequences of changing a process on other processes in the workplace.

Prove-oriented individuals are motivated by demonstrating their superiority in task accomplishment to others (Elliot, 1999; VandeWalle et al., 1999). As with learning

orientation, prove orientation helps employees to enhance their proactive behaviors (Porath and Bateman, 2006). Although goal orientation theory states that prove-oriented managers see their abilities as fixed, the investigator contends that they have to possess certain skills to be successful in the workplace and prove their competences to their colleagues. Therefore, they would try to develop reasonable skills to implement and improve work processes.

Taken together, it is believed that both learning- and prove-oriented managers are likely to have strong process thinking skills. However, there is a lack of empirical evidence supporting the claim that goal orientation has an impact on process thinking skills. As a result, this study proposes that:

H1: Learning orientation is positively associated with process thinking skills.

H2: Prove orientation is positively associated with process thinking skills.

### 3.3.2. Moderating Role of Prove Orientation

This study argues that, in addition to their direct effects, prove orientation and learning orientation have interactive benefits for the export manager's process thinking skills. More specifically, export manager's prove orientation facilitates the impact of learning orientation on process thinking skills.

As previously mentioned, individuals with high prove orientation give importance to competition and focus on performing well to gain favorable evaluations. Export managers with high prove orientation may benefit from learning orientation to explore new ways to prove themselves to others in the workplace. New challenges may be a source of competition for those managers. They may be more open to solve problems in the export

venture related processes. Consequently, they may be encouraged to develop their process thinking skills. On the other hand, the picture is different for export managers with low prove orientation. Given that these managers do not care how their colleagues evaluate their performance in the workplace, they would not need to be learn new things and show superior their performance. Consequently, the study formulates that:

> H3: The positive relationship between learning orientation and process thinking skills gets stronger as prove orientation increases.

### 3.3.3. Process Thinking Skills and Dynamic Capabilities

In this study, the concept of dynamic capabilities is defined as "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments" (Teece et al., 1997, p.516). These capabilities reflect the capacity to sense and seize opportunities, and then transform and reconfigure as a response to changes in the environment. A firm's human resources are vital to shape the firm's dynamic capabilities (Teece et al., 1997; Teece, 2012). The microfoundations of dynamic capabilities literature has regularly emphasized that more work needs to be carried out with respect to the role of managers on dynamic capability development (Rothaermel and Hess, 2007; Augier and Teece, 2009). Individual-level components, such as beliefs, goals, interests, abilities and characteristics are critical in understanding dynamic capabilities (Felin et al., 2012). All the same, to the best of the investigator's knowledge, the impact of process thinking skills on dynamic capabilities has never been examined before. Therefore, the investigator contends that the stronger the process thinking skills export managers have at work, the stronger their firms' dynamic capabilities.

The logic lies in that managers have critical roles to play inside the organization. In particular, they administer operations and decide on resource orchestration and allocation (Augier and Teece, 2009). They play an essential role in promoting and initiating the creation of dynamic capabilities (Adner and Helfat, 2003; Augier and Teece, 2009). Prior research documents that firms' dynamic capabilities are influenced by the distinct skills of employees (e.g., Teece, 2007; Agwunobi and Osborne, 2016). So, firms whose employees are highly skilled, creative and good at developing new ideas and knowledge, are more capable of developing dynamic capabilities (Rothaermel and Hess, 2007; Nieves and Haller, 2014). Malter (2000) proposes that managers' process thinking skills influence their ability to understand and manage conditions in shifting markets. Thus, managers with high process thinking skills may be able to better sense new opportunities within shifting markets and address them accordingly. Within the context of exporting, it can be suggested that, when export managers are able to implement export venture-related work processes and modify these processes when necessary, they may better contribute to their firms' sensing, seizing and reconfiguring activities. Therefore, the present study intends to demonstrate that:

H4: Process thinking skills are positively associated with dynamic capabilities.

### 3.3.4. Dynamic Capabilities and Export Venture Growth

Firms benefit from dynamic capabilities to recognize and respond to opportunities and threats in the markets in which they operate (Teece et al., 1997). The influence of dynamic capabilities on firm performance is an important issue among scholars. In the literature, there are various claims about the relationship between dynamic capabilities and firm performance. While some academics (Hsu and Wang, 2012; Drnevich and Kriauciunas,

2011; Villar et al., 2014) document that there is a direct relationship between dynamic capabilities and firm performance, some others (Zott, 2003; Wang and Ahmed, 2007; Pavlou and El Sawy, 2011; Hsu and Wang, 2012; Protogerou et al., 2012; Kaleka, 2012; Wang et al., 2015) state an indirect relationship between these two firm-level constructs. Although not empirically tested, some scholars think that dynamic capabilities may negatively influence firm performance (e.g., Drnevich and Kriauciunas, 2011; Eriksson, 2014). This negative impact may stem from infrequent use or lack of proper monitoring of dynamic capabilities (Helfat et al., 2007). Therefore, while the relationship between dynamic capabilities and firm performance has been studied, no consensus exists on the type of relationship, i.e. direct or indirect. This is probably because of different conceptualizations and operationalizations of dynamic capabilities (Protogerou et al., 2012). Specifically, while most of the dynamic capability studies focus on economic performance (e.g., Morgan et al., 2009; Fang and Zou, 2009; Wang et al., 2015), some others consider innovative or technology performance (e.g., Wu, 2006), environmental performance (Russo, 2009) or international performance (e.g., Jantunen et al., 2005). This proves that it is necessary to study the dynamic capability-performance link further in different contexts.

In this study, the investigator contends that dynamic capabilities are predictors of superior performance outcomes in export venture markets. Unlike previous studies examining this relationship, the focus of this study lies specifically on how dynamic capabilities can influence export venture market growth in terms of sales, profit and market share.

In the exporting context, dynamic capabilities can contribute to export venture performance in many ways. Firstly, strong dynamic capabilities can help an exporter

survive and succeed by allowing the firm to recognize and respond to opportunities within the export venture market through developing new processes, products and services (Drnevich and Kriauciunas, 2011). Secondly, dynamic capabilities can increase the speed of an exporter's opportunity recognition in the market. Firms that successfully scan the environment and identify gaps in the market are likely to gain a competitive advantage (Dickson, 1992). This improved response may help the firm to outperform its competitors. In turn, its market share may increase in the export venture market. Finally, firms can take advantage of strong dynamic capabilities by effective problem solving (Schilke, 2014). Hence, it is proposed that:

> H5: Dynamic capabilities are positively associated with export venture (a) sales, (b) profit and (c) market share growth.

### 3.3.5. The Moderating Role of External Environment

Contingency theory states that the environmental conditions in which a firm operates are important determinants of the returns to the firm's capability investments (Feng et al., 2017). This is mainly because different market conditions create different levels of impact of capabilities (Song et al., 2005). Likewise, in proposed definitions of dynamic capabilities, scholars necessarily use the environment as a key factor to explain the value of these capabilities (e.g., Teece and Pisano, 1994; Teece et al., 1997; Macpherson et al., 2004; Wang and Ahmed, 2007). However, debates in the literature lack clarity regarding on which conditions the positive impact of dynamic capabilities on firm performance is observed (Jantunen et al., 2018).

Within the context of exporting, the role of external environment is important for export venture firms to survive and succeed (Morgan et al., 2012). Exporters concurrently operate in several markets with different conditions. In order to coordinate and adapt their activities effectively, they have to consider the changing conditions in these markets. Therefore, marketplace characteristics can be helpful or an obstacle for export venture firms to grow in various foreign markets. The investigator posits that the degree to which export venture firms benefit from dynamic capabilities in foreign markets is contingent on two environmental factors, namely, market dynamism and competitive intensity. The roles of these two factors will be discussed in the next sections.

#### 3.3.5.1. Moderating Role of Market Dynamism

As defined in the previous chapter, market dynamism refers to the rate of change in the composition of customers and their preferences in the export venture market (Jaworski and Kohli, 1993). Broadly speaking, in more stable markets, change in the environment is largely foreseeable. On the other hand, in highly dynamic markets, change in the environment is rapid, continuously evolving and unforeseeable.

Literature has already investigated the moderating role of market dynamism on the relationship between dynamic capabilities and firm performance (e.g., Peters et al., 2018; Ritter et al., 2018). However, whether market dynamism helps or hinders the impact of dynamic capabilities on firm performance is debatable. That is, literature is composed of mixed findings regarding the role of market dynamism in the dynamic capability-performance link. Some studies argue that dynamic capability is more valuable in high velocity markets (e.g., Zahra et al., 2006; Pavlou and El Sawy, 2011). That is, market dynamism strengthens the relationship between dynamic capabilities and firm

performance. Yet, some empirical evidence shows that this moderating role of dynamism is not always positive. For example, Ringov (2017) proves that environmental dynamism weakens the contribution of dynamic capabilities to firm performance. Furthermore, the moderating role of market dynamism on this relationship is also found to be insignificant (Drnevich and Kriauciunas, 2011; Wang et al., 2015; Ritter et al., 2018). One possible reason for these inconsistent findings would be the variety in the conceptualization and operationalization of performance outcome (Wilhelm et al., 2015). As a result, better theorizing and empirical investigation is required to shed light on this debate (Di Stefano et al., 2010).

In this study, the investigator contends that the effect of dynamic capabilities on export venture growth is contingent upon market dynamism. More specifically, when the market dynamism is high, the positive impact of dynamic capabilities on export venture growth is expected to be higher. In more stable export venture markets, industry is stable and boundaries are clearly defined. Also, competitors are apparent and business models are quite clear. So, firms may not need dynamic capabilities to respond to changes in such markets. In contrast, in highly dynamic export venture markets, industry is quite blurry and boundaries are not clear. Further, competitors change over time in such markets. Also, dynamic export venture markets provide exporters with more opportunities to capture and take advantage. Therefore, the exporters may need dynamic capabilities more often to track changes quickly and respond to them efficiently. Thus, this study hypothesizes that:

> H6: Dynamism in the export venture market strengthens the relationship between dynamic capabilities and (a) sales, (b) profit and (c) market share growth such that the relationship is stronger when the market dynamism is high.

#### 3.3.5.2. Moderating Role of Competitive Intensity

In this study, competitive intensity is defined as the number of rivals in the export venture marketplace and their ability and willingness to respond to competitive actions (Jaworski and Kohli 1993). Competitive intensity can be observed in conditions of high price competition, high levels of advertising and many competing product offerings (Porter, 1980). More specifically, as competition in the business environment intensifies, a firm's behavior is mostly effected by the actions of competitors, which results in low predictability and certainty (Auh and Menguc, 2005). Therefore, organizations need to closely monitor their rivals and adapt their systems. They should explore new ways to compete and differentiate themselves from their competitors (Zahra, 1993). In contrast, when the competition is less intense, firms can operate with their existing systems (Auh and Menguc, 2005).

In this study, the investigator posits that competitive intensity in the export venture market strengthens the impact of dynamic capabilities on export venture performance. Specifically, when competition in the venture market is low, an exporter may not need dynamic capabilities. This is because in more predictable markets, exporter does not need to explore new opportunities or adapt its systems to compete. On the other hand, in a highly competitive export environment, as customers have a wide variety of supplier choices, an export venture needs to explore new ways of outperforming its competitors and enjoy superior performance. It has to be more exploratory and innovative (Auh and Menguc, 2005) and engage in proactive activities (Cui et al., 2005). Innovation in both products and processes as well as exploration of new markets are critical (Zahra, 1993). Therefore, the need for strong sensing, seizing and reconfiguring capabilities is expected

to be higher in such markets. This is because dynamic capabilities enable the exporter to better control its competitors' actions and show high performance to respond to the high level of competition and survive in the market. As a result, this study hypothesizes the following:

> H7: Competitive intensity in the export venture market strengthens the relationship between dynamic capabilities and (a) sales, (b) profit and (c) market share growth such that the relationship is stronger when the competitive intensity is high.

### 3.3.6. Control Variables

Control variables should be selected on the basis of theoretical arguments and significant zero-order correlations with the focal constructs (Carlson and Wu, 2012). In line with past research in international marketing and management fields, the investigator includes various control variables in the hypothesis testing model to ensure that alternative explanations for the hypothesized relationships are ruled out and findings specify the model better. In this study, the endogenous variables in the research model are process thinking skills, dynamic capabilities and three aspects of export venture growth. The specific control variables employed for each of these variables will be discussed below.

Although the lack of empirical study on the process thinking skills limits the investigator's decisions on the necessary control variables, demographic characteristics of individuals are known as being frequently controlled to eliminate the potential suppression effects and generalize the results. Moreover, process thinking skills of individuals are affected by their training (Malter, 2000; Dickson et al., 2009). Therefore,

respondents' tenure, age, gender, and position (Owner/CEO/General Manager or other) are included in the model as control variables for process thinking skills.

Regarding the dynamic capabilities, following previous studies (e.g., Danneels, 2008; Rodenbach and Brettel, 2012; Bendig et al., 2017), firm age, firm size, tenure, distribution and industry are controlled. Furthermore, since market dynamism and competitive intensity are correlated with dynamic capabilities, they are also controlled.

Concerning export venture growth, following the previous studies, the investigator controlled for firm age, firm size and export product distribution type (Leonidou, 1998; Katsikeas et al., 2000). The investigator also controlled for the industry (He et al., 2013; Spyropoulou et al., 2018), the export product distribution type and respondent's tenure (Sousa et al., 2008; Hultman et al., 2011).

### 3.4. Summary

This chapter has presented the conceptual model of the study and discussed the developed hypotheses. In total, seven hypotheses were proposed and they are summarized in Table 3.1 below. What is more, Table 3.2 presents the study constructs and their conceptual definitions. To provide the reader with a more accurate picture, the specific research hypotheses discussed above, along with their expected signs and directions, are shown in Figure 3.2. The next chapter will discuss the methodological aspects of the study.

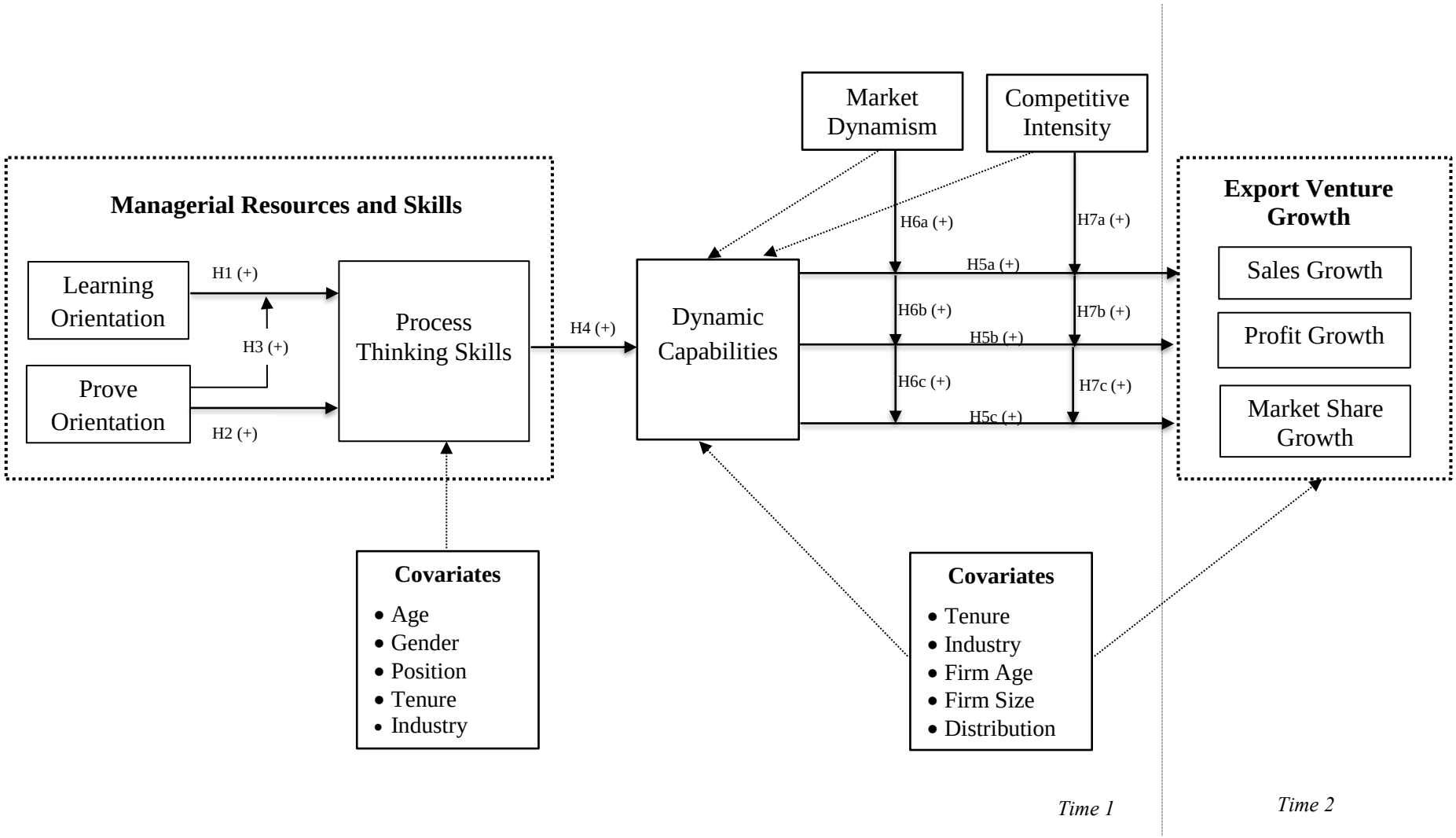
**Table 3.1: Overview of the Research Hypotheses**

| Hypothesized Path | Predicted Path |
|---|---|
| H1. Learning orientation → Process thinking skills | Positive |
| H2. Prove orientation → Process thinking skills | Positive |
| H3. Learning orientation X Prove orientation → Process thinking skills | Positive |
| H4. Process thinking skills → Dynamic capabilities | Positive |
| H5a. Dynamic capabilities → Sales growth | Positive |
| H5b. Dynamic capabilities → Profit growth | Positive |
| H5c. Dynamic capabilities → Market share growth | Positive |
| H6a. Dynamic capabilities X Market dynamism → Sales growth | Positive |
| H6b. Dynamic capabilities X Market dynamism → Profit growth | Positive |
| H6c. Dynamic capabilities X Market dynamism → Market share growth | Positive |
| H7a. Dynamic capabilities X Competitive intensity → Sales growth | Positive |
| H7b. Dynamic capabilities X Competitive intensity → Profit growth | Positive |
| H7c. Dynamic capabilities X Competitive intensity → Market share growth | Positive |

**Table 3.2: Definitions of the Research Constructs**

| Construct | Conceptual Definition |
|---|---|
| Learning Orientation | It refers to the export manager's desire to develop new skills, to master new situations, and to improve competence (Vandevalle, 1997). |
| Prove Orientation | It is the export manager's desire to demonstrate competence to others and gain positive judgment (Vandevalle, 1997). |
| Process Thinking Skills | They refer to the export manager's ability to implement an existing export venture-related process and think about how to enhance this process (Koskinen, 2012). |
| Dynamic Capabilities | It is defined as "the firm's ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments" (Teece et al., 1997, p.516). |
| Export Venture Growth | It refers to the export manufacturer's growth in terms of sales, profit and market share in the export venture market. |
| Market Dynamism | It refers to the rate of change in the composition of customers and their preferences in the export venture market (Jaworski and Kohli, 1993). |
| Competitive Intensity | It is defined as the number of rivals in the export venture marketplace and their ability and willingness to respond to competitive actions (Jaworski and Kohli 1993). |

**Figure 3.2: Hypothesized Research Model**



# Chapter 4 Methodology

## 4.1. Introduction

This chapter includes the implemented research methods to achieve the research goals and the rationale behind choosing these methods. It starts with an explanation of the research philosophy. After this, the research design and research approach are discussed. Further, construct operationalization and data collection procedure are evaluated. Then, the two samples of the research, data collection process and questionnaire design are explained. Lastly, data analysis methods and programs run to analyze the gathered data are mentioned.

## 4.2. Research Philosophy

Researchers should design their studies by considering every step of the research. In social sciences, positivism and interpretivism are the most common philosophical research approaches. According to positivism, a reality is objective and it is not influenced by social actors. Only observable phenomena are the source of knowledge. Positivist researchers deal with causality and generalization of the results. Also, in order to gain an objective way of thinking, they are independent of the data (Saunders et al., 2012). Regarding the data collection and analysis, positivists employ quite structured methods; they prefer large samples and quantitative methods.

Interpretivism, on the other hand, claims that the nature of reality is subjective and may change in time and from person to person (Saunders et al., 2012). So, the core belief of the interpretivist approach is that there is more than one truth. Also, interpretivist researchers believe that knowledge comes from social phenomena. These researchers are part of their investigations. So, they use small samples and qualitative analyses.

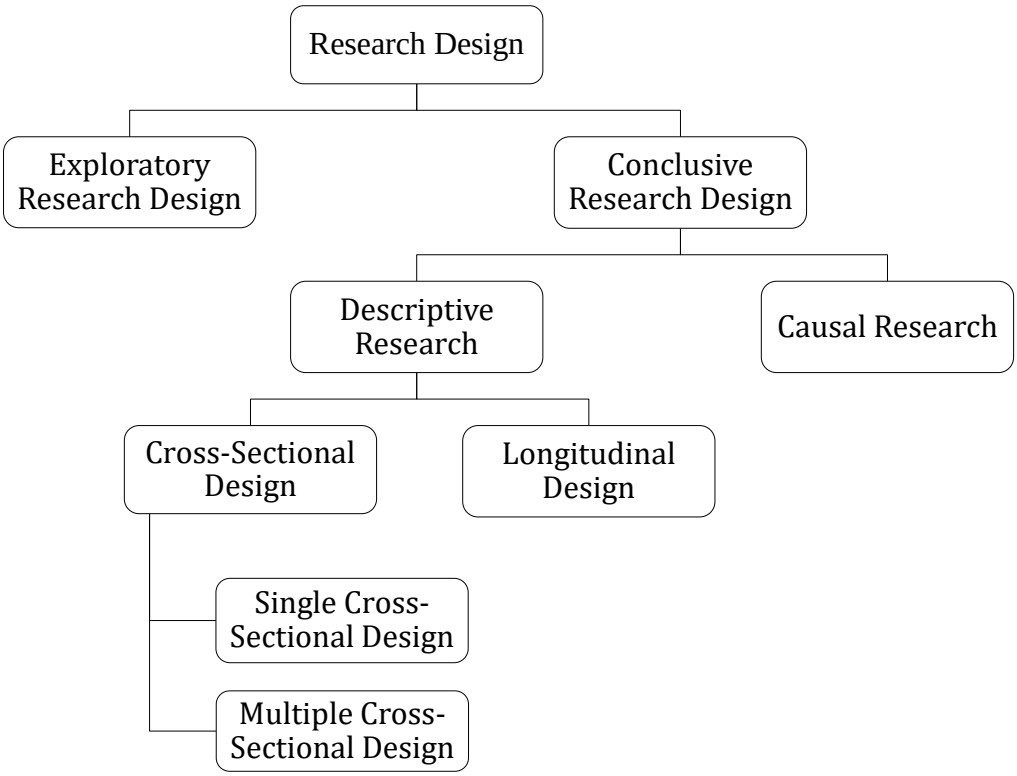
This research follows the positivist approach. The main purpose of this research is to examine the antecedents and growth outcomes of dynamic capabilities in the exporting context. So, learning orientation, prove orientation, process thinking skills, dynamic capabilities and export venture growth concepts are linked by the proposed hypotheses in the previous chapter. It is also necessary to empirically observe these concepts for generalization. This observation will be performed by conducting a survey on study samples. Validity and reliability will be checked to ensure generalizability.

### 4.3. Research Design

A research design is the blueprint of each step included in a research study (Malhotra, 2015). It serves as a guide on collecting and analyzing the research data to test the proposed hypotheses. A detailed research design helps researchers to conduct their projects effectively and efficiently (Malhotra and Birks, 2007).

When designing a research study, scholars have two broad options, namely, exploratory and conclusive, and the latter can either be descriptive or causal (Malhotra, 2015). Further, descriptive designs are divided into two categories, cross-sectional and longitudinal (Malhotra, 2015). These three research designs are provided in Figure 4.1 below and discussed in detail afterwards.

**Figure 4.1: A Classification of Research Designs**




**Source:** Adapted from Malhotra (2015, p.71)

### 4.3.1. Exploratory Research

An exploratory research design is applied to discover a topic and have initial insights about that topic (Malhotra et al., 2013). This type of research is essential when a phenomenon has not been clearly defined in previous research. So, it helps to determine potential gaps in the literature. Information required in such designs may be loosely defined. As exploratory research is mostly used at the beginning of the research, it is not expected to receive conclusive results (Malhotra, 2015). Thus, such a type of research design is not appropriate to test conceptual models and research hypotheses. It is therefore usually followed by subsequent investigations. This type of research process is flexible and unstructured. The sample needed is small and data may be collected by using

qualitative approaches, such as in-depth interviews, focus groups, projective techniques and analysis of selected cases (Malhotra and Birks, 2007).

### 4.3.2. Conclusive Research

Conclusive research is the second type of design characterized by the measurement of clearly defined phenomena (Malhotra and Birks, 2007). It is preferred to test proposed hypotheses and investigate the relationships between phenomena. It is different from exploratory research in that information needed is clearly defined in descriptive research (Malhotra et al., 2013). Therefore, its research process is more structured and planned than exploratory research. Further, it is based on large samples and data may be obtained by using surveys, secondary data, databases, etc. (Malhotra and Birks, 2007).

#### 2.4.1.1.Descriptive Research

Descriptive research is a type of conclusive research and is designed to create an accurate profile of people or events. As a theory-led approach, it needs prior formulation of specific research questions and hypotheses (Malhotra and Birks, 2007). As the name implies, descriptive research design is used to describe something, which requires large samples. This is necessary to ensure their representativeness. Malhotra et al. (2013) state that descriptive research design is applied when the purpose is to (1) describe the characteristics of certain groups, (2) estimate the proportion of people that act within a particular environment in a specific way, (3) make predictions, (4) decide the degree to which marketing concepts are related and (5) determine the perceptions of consumers about the product characteristics.

There are two types of descriptive research: cross-sectional and longitudinal (Saunders et al., 2012). Cross-sectional data represent a snapshot time horizon (Malhotra, 2015). That is, data are collected from a population or a representative sample of population only once. There are two types, single cross-sectional and multiple cross-sectional (Malhotra, 2015). In single cross-sectional studies, data are collected from one sample of respondents at a defined point in time. In contrast, in multiple cross-sectional studies, data are collected from two or more samples of respondents only once. In such studies, data are usually gathered from different samples in different times (Malhotra, 2015).

On the other hand, longitudinal study uses data from the same individuals over a period of time. So, data are collected from a specific sample repeatedly. Such studies are often conducted to gain in-depth understanding of the situation and the changes that occur in that over time (Malhotra, 2015).

The relative advantages and disadvantages of longitudinal versus cross-sectional research designs are provided in Table 4.1.

**Table 4.1: Comparison of Longitudinal and Cross-Sectional Research Designs**

| Evaluation Criteria | Longitudinal Design | Cross-Sectional Design |
|---|---|---|
| Detecting change | - | + |
| Large amount of data collection | - | + |
| Accuracy | - | + |
| Representative sampling | + | - |
| Response bias | + | - |

**Source:** Adapted from Malhotra (2015, p.79)
**Note:** a + on the table indicates a relative advantage compared to the other type of research design, whereas a – indicates a relative disadvantage in relation to the other type of research design.

#### 2.4.1.2.Causal Research Design

A study that examines a situation or problem to find evidence of causal relationships between variables is called causal research (Malhotra and Birks, 2007). The main purpose of this research design is to determine causes (independent) and effects (dependent) and the degree of linkage between these variables in the causal relationships (Malhotra, 2015).

Similar to descriptive research, causal research is conducted under well-planned and structured design. Note that, while descriptive research helps researchers to understand the degree of association or the correlation between variables, it is not an appropriate way of testing causal relationships (Malhotra, 2015). Such an evaluation requires researchers to design a causal study, in that the variables are manipulated in a relatively controlled environment. The primary way of conducting causal research is experimentation. In experimental designs, researchers manipulate one or more independent variables to measure the effect of their manipulation on one or more dependent variables, while controlling for the influence of extraneous variables (Malhotra, 2015).

Choosing an appropriate research design is stated as the most critical decision to take since it is considered as the key success factor for a project. This decision is made by considering the research objectives and hypotheses, the nature of hypothesized relationships and the context in which the research is conducted. As the present study aims to explore the antecedents and growth outcomes of dynamic capabilities, causal research looks an appropriate design to apply. Yet, the nature of the study constructs as well as the particular setting within which they are examined does not allow the investigator to easily manipulate them. As a result, descriptive research design, in the

form of a survey, was adopted to collect the data required to test the hypotheses developed for the purpose of this research.

Regarding the descriptive character of the study, the investigator had to decide on whether to use a cross-sectional or a longitudinal research design. As mentioned earlier, compared to cross-sectional design, longitudinal research design requires more time, effort and financial resources (Malhotra, 2015). These constraints usually direct scholars to adopt cross-sectional design. However, after careful consideration, the investigator decided to use a longitudinal research setting in collecting the Turkish data. This is mainly because, as export activities are dynamic in nature, it is better to adopt a longitudinal setting (Leonidou et al., 2017). Specifically, proposed antecedents, along with dynamic capabilities, were collected at Time 1 and data on export venture growth were obtained at Time 2. Therefore, there was a one-year gap between Time 1 and Time 2. In this manner, the investigator examined the direction of causality in the proposed research model. However, because of time, effort and financial constraints, the US data were collected using cross-sectional research design.

## 4.4. Research Approach

### 4.4.1. Research Context and Setting

This study investigates the individual-level antecedents of dynamic capabilities and their contribution to export venture growth across an emerging and developed market context. Specifically, Turkey and the US are determined as emerging and developed economies, respectively. Such an empirical setting was designed in order to examine the export venture activities of export manufacturing SMEs across both an emerging and a developed economy.

As data were to be collected from SMEs in Turkey and the US, the number of employees was taken into consideration while deciding on the sample. SMEs are basically defined as non-subsidiary, independent firms. Yet, in terms of size, they have different definitions across different countries. In Turkey, the upper limit designating an SME is 250 employees (Turkish Official Gazette, 2012). Financial assets are also used to define SMEs. Accordingly:

a) Micro SME: firms with less than 10 employees and no more than TRY 1 million in annual net sales or any of the financial balance sheet items.

b) Small SME: firms with less than 50 employees and no more than TRY 8 million in annual net sales or any of the financial balance sheet items.

c) Medium SME: firms with less than 250 employees and no more than TRY 40 million in annual net sales or any of the financial balance sheet items (Official Gazette, 2012).

On the other hand, the US states that SMEs are the firms with less than 500 employees (OECD, 2018) and an annual revenue of less than $250,000 (US International Trade Commission, 2010). In order to have the same picture of the firms across the Turkish and US export manufacturing SMEs, the investigator considered SMEs as firms with up to 500 employees. Therefore, export manufacturers which have more than 500 employees are excluded from the study population.

A multi-industry research design was employed to enhance variation in the responses and strengthen the generalizability of the findings (Autio et al., 2000; Knight and Cavusgil, 2004; Spyropoulou et al., 2018). Accordingly, export manufacturing SMEs were selected

from six different industries, namely, (1) textile and apparel, (2) chemicals and chemical products, (3) automotive, (4) forestry and furniture, (5) agricultural, and (6) electrical products industries. Further, for the purpose of this study, service exporters were not included in the sample. This is because the nature of the marketing activities of service firms differs significantly in comparison to that of manufacturing firms. As a result, the population of interest is the export manufacturing SMEs in Turkey and the US operating in any of these six industries.

Note that, to increase variation and generalizability, one-third of respondents answered the questionnaire by focusing on one of their most successful export ventures, one-third answered by focusing on their moderately successful export ventures, and one-third answered by focusing on one of their least successful export ventures (Obadia et al., 2017). Further, in line with prior international marketing studies, in order to establish reliable connections among dynamic capabilities and growth outcomes, the investigator used firms that had been engaged in export venture activities for at least two years (Morgan et al., 2004; Morgan et al., 2012).

Research hypotheses were examined by employing a structured questionnaire for both the Turkish and US samples. As Campbell (1955) states, it is imperative to identify key informants to include in the research and apply the questionnaire. Key informants are the individuals who are knowledgeable about the research model constructs and prone to participate. Several criteria were taken into consideration in order to secure the eligibility of key informants. Specifically, as Bagozzi et al. (1991) suggest, respondents were selected based on (1) their position, and (2) their knowledge and involvement in exporting activities of their firm. Accordingly, managers that are responsible for and take part in

the exporting activities of their firms are identified as respondents for the study questionnaire. Further, three questions were included in the questionnaire to ensure these key informants' suitability. These are discussed later in this chapter.

### 4.4.2. Sampling Frame and Sample Selection

There are two main approaches to data collection, namely, census and sample investigation (Malhotra and Birks, 2007). A census is composed of every potential case included in the population of interest, whereas a sample is a subgroup of the population or study objects. The investigator decided on using samples based on the logic that large enough samples can be representative of the entire population, which would allow the researcher to generalize the results (Churchill and Iacobucci, 2005).

The investigator followed the guidelines of Malhotra and Birks (2007) in sampling design. According to the scholars, the six steps of sampling are: (1) defining the population of interest; (2) determining the sampling frame; (3) selecting sampling method(s); (4) determining the sample size; (5) executing the sampling process; and (6) validating the study sample. The target population was defined earlier as export manufacturing SMEs in Turkey and the US operating in six particular industries. Regarding the Turkish sample, the investigator obtained a full list of export manufacturing firms operating in one of the six industries from the Turkish Exporters Assembly. Then, a sampling frame was created as 1000 export manufacturing SMEs in six industries by stratified random sampling with proportional allocation method. The number of industries included in the study was considered when deciding on this sample size. Regarding the sampling method, random sampling with proportional allocation technique allows the investigator to include all six

industries in the population by considering their relative sizes (Malhotra and Birks, 2007). This method increases the representativeness of the sample over the population.

Concerning the US sampling procedure, the investigator used a panel provided by Qualtrics. Qualtrics is an online survey hosting company that maintains a very big online panel. Accordingly, the company distributed the online questionnaire to the determined sample. The investigator ensured the suitability of the sample by including four screening questions in the beginning of questionnaire. Screening questions are necessary to prevent respondents cheating in online surveys (Rogers and Richarme, 2009). A number of pre-screening procedures were followed to validate both the Turkish and US samples and will be discussed later in this chapter.

### 4.5. Operationalization of the Study Constructs

Constructs are the cornerstones of academic research and represent abstractions that assist researchers in measuring and understanding the behaviors and attitudes of individuals and firms within a specific context of study (Fraizer, 1999; Churchill and Iacobacci, 2010). In the social sciences, studies mostly focus on concepts at a high level of abstraction. The measurement is the process of connecting abstract concepts in the mind of the researcher using empirical indicators (Bagozzi, 1984). As a result, in this study, the investigator infers the model constructs and relationships between these constructs by observing the indicators of these constructs.

Operationalization stresses the way of construct measurement. So, a measurement basically represents the assignment of numbers to the characteristics of objects according to certain rules (Malhotra, 2015). It is crucial to note that what is measured is not the

object but some characteristic of it (Malhotra, 2015). For example, in international marketing, researchers do not measure importers but their beliefs, perceptions, preferences or other relevant characteristics.

Measurement of a construct can be done by performing scaling (Malhotra, 2015). Scaling typically means creation of a continuum upon which measured objects are placed (Malhotra and Birks, 2007). The extant literature in international marketing and management was primarily scanned and reviewed to identify the scales that were utilized for measuring the research constructs. Decisions on which scales to be used were made based on three criteria. First, the scale of a construct should be taken from previous published articles in highly reputable marketing journals. Second, as Nunnally (1978) suggest, a scale is appropriate to use if its Cronbach's alpha score is equivalent to or higher than 0.70. Third, researchers should use multiple items (at least four) to secure reliability and validity of the construct. Accordingly, the investigator extracted the scales of learning and prove orientation, process thinking skills, dynamic capabilities, export venture growth, market dynamism and competitive intensity from the pertinent literature. The ranking of the journals in which the articles were published as well as Cronbach's alpha values and number of items were considered when deciding on the scales. Construct scales, sources and anchors used are discussed in the next sections.

### 4.5.1. Goal Orientation

Export manager's learning and prove orientation were measured using a scale of VandeValle (1997). Accordingly, learning orientation (five items) and prove orientation (four items) were measured by a seven-point Likert scale, ranging from 1 (strongly disagree) to 7 (strongly agree). In the questionnaire, the statement pertaining to these

items was expressed as “Please evaluate the extent to which you agree or disagree with the following statements. When responding, think only about yourself at work, not in any other aspects of your life. At work…” The items employed for each dimension of goal orientation are provided in Table 4.2.

**Table 4.2: Goal Orientation Measure**

| Construct | Code | Items | Adapted from |
|---|---|---|---|
| **Learning Orientation** | LEARN1 | At work, I am willing to select a challenging work assignment that I can learn a lot from. | VandeValle (1997) |
| | LEARN2 | I often look for opportunities to develop new skills and knowledge | |
| | LEARN3 | At work, I enjoy challenging and difficult tasks where I’ll learn new skills. | |
| | LEARN4 | For me, further development of my work ability is important enough to take risks at work. | |
| | LEARN5 | I prefer to perform in situations that require a high level of ability and talent | |
| **Prove Orientation** | PROVE1 | I like to show that I can perform better than my co-workers | VandeValle (1997) |
| | PROVE2 | I try to figure out what it takes to prove my ability to others | |
| | PROVE3 | I enjoy it when others at work are aware of how well I am doing. | |
| | PROVE4 | I prefer to work on projects where I can prove my ability to others | |

### 4.5.2. Process Thinking Skills

In this study, the process thinking skills construct was operationalized as a higher-order/aggregated construct that captured two dimensions, namely, process

implementation thinking skill (eight items) and process improvement thinking skill (five items) (Dickson et al., 2017). Items were measured by a seven-point Likert scale, ranging from 1 (very bad) to 7 (very well). In the questionnaire, the statement posed for this construct was "Please evaluate how well each of the following statements regarding export venture-related work applies to you". Measurement items are shown in Table 4.3.

### 4.5.3. Dynamic Capabilities

Based upon the extant literature, dynamic capabilities were operationalized as a higher-order/aggregated construct that captured three dimensions, namely, sensing, seizing and reconfiguring. Sensing capabilities were measured using six items modified from the work of Wilden et al.'s (2013) and Pavlou and El Sawy's (2011) measurements. Seizing capabilities were assessed using Wilden et al.'s (2013) four-item measurement. The investigator developed a four-item scale for reconfiguring capabilities using extant literature. In total, 14 items were utilized using a seven-point Likert scale, ranging from 1 (strongly disagree) to 7 (strongly agree). The statement for these items was expressed as "Please evaluate the extent to which you agree or disagree with the following statements concerning your export venture market." Table 4.4 provides the items used to evaluate each dimension of dynamic capabilities.

**Table 4.3: Process Thinking Skills Measure**

| Construct | Code | Items | Adapted from |
|---|---|---|---|
| **Process implementation thinking skill** | IMPLEM1 | I am a quick learner of a new job or new operating procedure at export venture related work | Dickson et al. (2017) |
| | IMPLEM2 | I have a very good memory for how to do things at export venture related work | |
| | IMPLEM3 | I am very good at learning an export venture related work practice or procedure by observing someone else do it | |
| | IMPLEM4 | I only need to do something once at export venture related work to remember how to do it | |
| | IMPLEM5 | I am very good at managing my time and activities at export venture related work | |
| | IMPLEM6 | I am very good at prioritizing export venture related work tasks and activities | |
| | IMPLEM7 | I am very good at thinking about how a whole lot of export venture related operational tasks and procedures fit together | |
| | IMPLEM8 | I am very good at action planning at export venture | |
| **Process improvement thinking skill** | IMPROV1 | I am very good at finding where the problems are in an export venture related work process | Dickson et al. (2017) |
| | IMPROV2 | I am able to understand quickly complex processes at export venture related work | |
| | IMPROV3 | I am very creative and out-of-the-box in my thinking about how to do things at export venture related work | |
| | IMPROV4 | I am very good at simplifying an export venture related work process | |
| | IMPROV5 | I am very good at thinking about how one task in a work process affects future tasks at the export venture | |

**Table 4.4: Dynamic Capabilities Measure**

| Construct | | Items | Adapted from |
|---|---|---|---|
| **Sensing** | SENSE1 | We attend international trade fairs and exhibitions | Wilden et al. (2013) and Pavlou and El Sawy (2011) |
| | SENSE2 | We use established processes to identify changing customer requirements in the export venture market | |
| | SENSE3 | We observe best business practices in the export venture market | |
| | SENSE4 | We frequently scan the export venture market to identify new business opportunities | |
| | SENSE5 | We often review our product development efforts to ensure they are in line with customer requirements in the export venture market | |
| | SENSE6 | We devote a lot of time and effort implementing ideas for new products to introduce in the export venture market | |
| **Seizing** | SEIZE1 | We invest in finding solutions for our customers in the export venture market | Wilden et al. (2013) |
| | SEIZE2 | We adopt the best business practices in the export venture market | |
| | SEIZE3 | We respond to defects pointed out by employees | |
| | SEIZE4 | We change our practices when customer feedback gives us a reason to change. | |
| **Reconfiguring** | RECON1 | When conditions change in the export venture market, we are quick to eliminate resources that are no longer required to serve our customers in that market | Newly developed |
| | RECON2 | We quickly acquire new resources needed to cope with competitive changes in the export venture market | |
| | RECON3 | We are good at quickly re-aligning our resources to reflect changes in customer needs and preferences in the export venture market | |
| | RECON4 | In acquiring new resources and eliminating old ones, we always manage to retain the critical resources required to deliver value to our customers in the export venture market | |

### 4.5.4. Export Venture Growth

The investigator measured all three types of export venture growth, namely, sales, profit and market share, objectively. Accordingly, following the study of Cavusgil and Zou (1994), participants were asked "Approximately, what is the percentage of export venture sales growth of your firm in the last year?" and eight intervals were provided. These intervals are: (1) -15% or more; (2) -14% to -5%; (3) -4% to 0; (4) 1% to 5%; (5) 6% to 10%; (6) 11% to 20%; (7) 21% to 40%; and (8) over 40%.

### 4.5.5. Market Dynamism

Market dynamism was measured based on four items adapted from Jaworski and Kohli (1993) and Arnold et al. (2011). It was assessed on a seven-point Likert scale, ranging from 1 (strongly disagree) to 7 (strongly agree). The statement posed for this construct was "Please evaluate the extent to which you agree or disagree with the following statements concerning your export venture market." Table 4.5 shows more details on the measurement of market dynamism.

**Table 4.5: Market Dynamism Measure**

| Construct | Code | Items | Adapted from |
|---|---|---|---|
| **Market dynamism** | DYN1 | In this export market, customers' preferences change quickly over time | Jaworski and Kohli (1993) and Arnold et al. (2011) |
| | DYN2 | Market demand and consumer tastes have been unpredictable | |
| | DYN3 | In this export market, customers tend to look for new products and services all the time | |
| | DYN4 | This export market is very volatile and uncertain | |

### 4.5.6. Competitive Intensity

Competitive intensity was tapped using three items adapted from Jaworski and Kohli (1993). A seven-point Likert scale, ranging from 1 (strongly disagree) to 7 (strongly agree) was utilized to capture the responses. The statement pertaining this construct was expressed as "Please evaluate the extent to which you agree or disagree with the following statements concerning the competitive environment in your export venture market." Table 4.6 provides the items used to evaluate competitive intensity.

**Table 4.6: Competitive Intensity Measure**

| Construct | Code | Items | Adapted from |
|---|---|---|---|
| **Competitive Intensity** | INTEN1 | There are many "promotion" wars in this export market | Jaworski and Kohli (1993) |
| | INTEN2 | One hears of a new competitive move in this export market almost every day | |
| | INTEN3 | In this export venture market, anything that one competitor can offer, others can readily match | |

### 4.5.7. Control Variables

The investigator included various control variables in the study considering that they might influence the dependent variables, namely, process thinking skills, dynamic capabilities and export venture growth. Age, gender, tenure and position (Owner/CEO/General Manager or other) were included in the questionnaire as managerial-level control variables. Industry, firm age, firm size and export venture distribution type were controlled as firm-level features. Market dynamism and

competitive intensity were controlled as market characteristics and their operationalization were mentioned in the previous sections.

The investigator used dummy variables to control for industry and export venture product distribution type. Log transformations were performed for four control variables, namely, manager's age, tenure, firm size and firm age to ensure normality.

**Table 4.7: Control Variables Measures**

| Variable | Measurement |
|---|---|
| **Demographics** | |
| Participant's age | The natural logarithm of manager's age |
| Gender | Female; male |
| Tenure | Years |
| Position | Owner/CEO/General Manager; other |
| **Firm-related** | |
| Industry | Automotive; forestry/furniture; chemicals; textile/apparel; agriculture; electrical and electronics – dummy coding |
| Firm age | The natural logarithm of the number of years that a company has been active |
| Firm size | The natural logarithm of the number of employees firm has |
| Distribution | Overseas distributor; agent; direct selling to end-user consumer – dummy coding |

## 4.6. Questionnaire Development

The questionnaire is a widely preferred method to collect primary data. It is important to design the questionnaire form in a way that respondents easily understand the content and are able to complete it quickly. To this end, simple and clear language was used to form

the questions. Further, in order to ensure fluency of the answering process, items measuring the same construct were grouped together.

To design the questionnaire, the 10-step procedural template suggested by Malhotra (2015) was followed. These 10 steps are (1) specifying the information needed, (2) specifying the data collection method, (3) determining the content of individual questions, (4) overcoming the respondent's inability and/or unwillingness to answer, (5) deciding on the question structure, (6) determining the question wording, (7) arranging the questions in the proper order, (8) choosing the form and layout, (9) reproducing the questionnaire and (10) pre-testing the questionnaire. As the first three steps have already been discussed in the previous sections of this chapter, the investigator will now discuss the remaining seven steps on the template.

To deal with the possible inability and unwillingness of the respondent to answer the questions, the investigator took certain actions. First of all, clear instructions concerning how to answer the questions are provided at the beginning of each section of the questionnaire. Also, the effort required by the respondents to respond was minimized by keeping the length of the questionnaire reasonable and providing the response options. Lastly, sensitive questions, such as export venture growth and demographics, were placed at the end of the questionnaire.

With regard to the structure of the questions, the largest part of the questionnaire included multiple choice and seven-point Likert-type scale questions. In contrast, the minor part of it consisted of open-ended (e.g., export venture product and market) and dichotomous questions (e.g., gender and education).

Regarding the question wording, the investigator preferred to use ordinary and unambiguous words so that the respondents could understand all the instructions and questions in the questionnaire. The investigator also made sure to avoid leading questions that would give the respondents any clue about the desired answer.

Concerning the sequence of individual questions in the questionnaire, the investigator paid considerable attention to the order of the questions. Specifically, they are ordered in a way that general questions are followed by specific ones smoothly and logically. For example, the definition of the export venture was placed at the top of the questionnaire, followed by the questions regarding the selected export venture (e.g., export venture's market, product, length in year and distribution type). Further, as discussed above, sensitive questions were included in the final part of the questionnaire.

Following this, the investigator examined the format, spacing and positioning of the questions as these factors might have a significant effect on the results (Malhotra, 2015). As explained earlier, the length of the questionnaire was kept as short as possible. Also, the questionnaire was divided into meaningful parts. The overall design of the questionnaire was made to look professional and attractive. In total, the questionnaire consisted of six pages. The cover page comprised the title of the research project, guidelines for responding to the questionnaire, the research sponsor, the name of the investigator and the email address for the return of competed questionnaires (for Turkish sample only). The following five pages comprised the questions regarding the constructs of the research, characteristics of the company, participant demographics and three key informant questions.

With respect to the reproduction of the questionnaire, for the Turkish data, the investigator created both Word and PDF versions of the questionnaire to ensure that respondents could open the questionnaire file, print it out properly and send it back to the investigator without any missing pages. Regarding the US data, Qualtrics used its online survey platform.

Finally, the investigator pre-tested both the Turkish and the US questionnaires to eliminate potential problems before the main launch. This approach is strongly suggested to reveal any possible administration problems (Churchill and Iacobucci, 2005). To this end, firstly, four academics who are very familiar with the research on exporting and international marketing assessed the clarity of the measures and format of the questionnaire. Helpful feedback was provided, and the questionnaire was revised accordingly. Next, the investigator conducted a pre-test study using a sample of 50 export managers in export manufacturing firms in Turkey and the US; 33 and 37 usable responses were obtained respectively from Turkey and the US (they were excluded from the main study). No particular problems with the clarity of instructions, response formats or questionnaire length were found. Therefore, it was decided to proceed to the next phase of data collection.

### 4.7. Translation

The translation issue is one of the most critical issues that researchers should take into consideration in multilingual studies. Since the questionnaire was going to be applied in both Turkey and the US, it was necessary for it to be appropriately translated into Turkish. It was also necessary to ensure that there was no discrepancy between the two versions of the questionnaire. In this research, the investigator first developed the questionnaire in

English and then translated it into Turkish through the translation/back-translation method (Brislin et al., 1973). This is a well-known technique to prevent any discrepancy among the versions. It is widely used by marketing researchers and companies as well. In this approach, a questionnaire is first prepared in one language. Then, it is translated into the targeted respondents' language. The translator should be a native speaker of the targeted language and at least fluent in the original language. Later, the translated copy of the questionnaire is translated back to the original language by a different person who is native in that language and at least fluent in the translated language. Lastly, two versions of translations in the original language are compared in terms of any discrepancies. This process is iterated until the translations are perfectly parallel.

In the present study, firstly, the questionnaire was prepared in English. Secondly, the English questionnaire was translated into Turkish by a translator from a professional translation agency. Thirdly, the Turkish translation was translated back into English by another translator. Fourthly, both versions of the English questionnaire were compared by the investigator. Fortunately, no serious discrepancy between the versions was detected.

### 4.8. Common Method Bias (CMB)

Common Method Bias (CMB) is a measurement error, which can cause incorrect results about the validity and reliability of the multiple-item scales (MacKenzie and Podsakoff, 2012). CMB occurs when data are collected via a single method and/or collected at the same time (Straub et al., 2004). So, it concerns the measurement method not the constructs measured (Podsakoff et al., 2003). CMB is a serious issue because it is one of the main reasons for measurement error (Baumgartner and Steenkamp, 2001).

Measurement error decreases the validity of the measures and the relationship between the research measures as well (Podsakoff et al., 2003). Thus, in order to avoid high measurement errors resulting from CMB, the investigator carried out several procedures recommended by Podsakoff et al. (2003).

First, measures were randomly ordered to prevent respondents' propensity to respond to items similarly. Second, in order to control for social desirability, participants were randomly assigned to focus on one of their most/moderate/least successful export ventures. Third, in the Turkish sample, one-year time lag was introduced between the measurement of predictor variables (learning orientation, prove orientation, process thinking skills, dynamic capabilities, market dynamism and competitive intensity) and criterion variables (export venture growth measures). Fourth, all the items were developed to be as concise and clear as possible. More specifically, double-barrelled or abstract questions were avoided. Fifth, by informing participants that there are no right or wrong answers to the questions, the investigator aimed to reduce evaluation apprehension. Sixth, to protect anonymity, participants were assured that the responses they provided would be strictly confidential.

In addition to these *ex ante* procedural remedies, the investigator performed two statistical analyses to ensure that the research data are free from CMB. These are Harman's single-factor approach, and Lindell and Whitney's (2001) partial correlation procedure. In the single-factor approach, all of the items in a study are loaded into an exploratory factor analysis. Then, common method variance is assumed to exist "if (1) a single factor emerges from unrotated factor solutions, or (2) a first factor explains the majority of the variance in the variables" (Podsakoff and Organ 1986, p.536). Partial correlation test is

performed by using a marker item. This marker item should be conceptually unrelated to any construct in the research model. After identifying the marker item, raw correlations between all the research constructs, including the marker item, are estimated. Next, partial correlations controlling for marker variable are computed. Then, these two correlation matrices are compared if there is any change in levels of statistical significance. If adjustment does not change the sign and significance level of any correlation coefficient, CMB is not a major concern. These two methods are performed and assessed in detail in Chapter Six.

## 4.9. Data Collection

### 4.9.1. Informant Identification

With regard to the Turkish data, the data collection process comprises a series of steps. To begin with, all 1000 exporting firms were contacted by telephone to give them short information about the study and its main objectives. Their willingness to participate in the study and that they had been exporting a manufactured good for at least two years were checked. These telephone calls revealed that, of the 1000 firms, 788 firms were eligible to participate in the study. Specifically, 24 had closed down or had terminated their export activities; 46 had no export venture beyond the two-year cut-off; 70 were no longer SME companies; 12 were adhering to a company policy not to participate in surveys; 15 stated that their exporting activities were outsourced (they were exporting through a trading company); and 10 were subsidiaries of multinational enterprises. A further 35 were excluded because of the lack of correct contact details.

Regarding the US data, informant identification was performed through reaching the export manufacturing SMEs in the US in six particular industries. Further, the

investigator ensured the suitability of the respondents by placing four screening questions at the beginning of the questionnaire. They are: (1) please describe the sector your company mainly operates in: (2) please indicate which of the following industries best describes the industry your company operates in; (3) please indicate the activity(ies) within your organization you are aware of; and (4) please state the number of total employees your firm has. Therefore, the investigator ensured that data were collected from export manufacturing SMEs operating in one of six particular industries and the respondents were aware of the exporting activities in their firms. Accordingly, a respondent who answered any of these questions outside the criteria and fell outside of the sample was directed to end of the questionnaire with a "Thank you for your participation" message. Therefore, no data were collected from non-eligible firms in this country because such respondents were removed.

### 4.9.2. Survey Response

As mentioned earlier, Turkish data were collected in a longitudinal research design. So, at Time 1, the questionnaire was emailed to the 788 participants. Three weeks after the first wave e-mailing, follow-up telephone calls were made and another email with the questionnaire attached was emailed to non-respondents. Then, three weeks later, non-respondents were sent a final email. Note that all questionnaires returned were coded and put in a file according to the date received. A total of 276 questionnaires were returned. Four and 8 questionnaires were dropped due to considerable missing data and failure in informant quality checks, respectively. Therefore, 264 questionnaires, with a response rate of 33%, were eligible to run the analyses.

Following the study of Spyropoulou et al. (2018), a one-year gap was inserted between the two fieldwork studies. Accordingly, 264 firms were called again to collect Time 2 data. The questionnaire was emailed along with a reminder and "thank you" message after they had completed it. At that time, 210 respondents completed the study questionnaire. Six questionnaires were dropped because of the considerable missing data. This procedure resulted in a response rate of 77% (204 out of 264).

Regarding the US data, as data were collected by contact with Qualtrics, there is not enough information about the non-respondents. However, as the response rate in the Turkish sample was satisfactory, the investigator assumes no serious problem in the US data collection.

### 4.9.3. Informant Quality

As mentioned earlier, a pre-screening and selection procedures were employed to ensure that survey participants were both motivated and eligible to respond to the questions in the survey. As an additional safeguard, the informant competency evaluation technique was used (Kumar et al., 1993; Katsikeas et al., 2009). Accordingly, three competence questions on a seven-point scale were included in the final part of the questionnaire. These questions assessed the informant's (1) knowledge of the firm's export venture marketing activities, (2) involvement in relevant export venture decisions and strategies and (3) confidence in answering the questions in the questionnaire. In the Turkish sample, individual responses to the competency questions were checked and eight questionnaires that exhibited a score lower than 4 for any question were dropped from the analysis. The mean composite score for informant competence in the study was 6.18. In the same vein, the US data were examined in terms of the individual responses to these three competency

questions. Nineteen questionnaires had responses to these questions that were lower than 4, so they were excluded from the main study. The mean composite score for informant competence in the study was 6.08. The job titles of the respondents are provided in Table 4.8. As seen, while the majority of respondents in the Turkish sample (33.3%) held an Export Manager position, those in the US sample held an Owner/CEO/General Manager position.

**Table 4.8: Positions of the Participants**

| | % of Companies | |
|---|---|---|
| **Participant Job title** | **Turkey** | **The US** |
| Owner/CEO/General Manager | 16.2 | 36.2 |
| Sales/Marketing Manager | 10.3 | 11.9 |
| Foreign Trade Manager | 28.4 | 15.7 |
| Export Manager | 33.3 | 15.2 |
| Other Manager | 11.8 | 21.0 |

### 4.9.4. Non-response Bias

Non-response bias occurs when the actual sample is not representative of the initial sample of the study, which is determined at the beginning of the research. To test for possible non-response bias, early responses were compared with late responses (Armstrong and Overton, 1977). In the Turkish sample, a total of 162 early responses and 42 late responses were compared with regard to the key variables in the study. Response bias was coded as a dummy variable, 0 representing early responses and 1 representing late responses. Later, a t-test was used to test the null hypothesis that there was a significant difference between early and late responses. The results of the t-test for the Turkish data are provided in Table 4.9. As seen, that there is no significant difference

between the groups of late and early responses with respect to the study constructs (p>.05). Thus, non-response bias is unlikely to exist for the Turkish data. Regarding the US data, as data were collected by engaging Qualtrics, the data collection procedure was completed in a week without sending a reminder. Therefore, the comparison of early responses with late responses was not possible to check.

**Table 4.9: Early and Late Response Bias Assessment in Turkish Sample**

| Variables | t-value | df | Significance (2-tailed) |
|---|---|---|---|
| Learning orientation | 1.21 | 202 | .22 |
| Prove orientation | 1.03 | 202 | .30 |
| Process thinking skills (composite measure) | 1.66 | 202 | .10 |
| Dynamic capabilities (composite measure) | 1.87 | 202 | .06 |
| Sales growth | -.10 | 202 | .92 |
| Profit growth | .84 | 202 | .40 |
| Market share growth | .67 | 202 | .50 |
| Market dynamism | .07 | 202 | .95 |
| Competitive intensity | .87 | 202 | .39 |

### 4.9.5. Characteristics of the Sample

The frequency distribution of the demographic characteristics of the respondents that participated in the survey and certain characteristics of the companies are provided in Table 4.10 and Table 4.11, respectively. It is evident that participant companies differed considerably in terms of firm size, firm age, industry, years in exporting, number of export

regions, years in export venture, and distribution channel. Further, reasonable variation in respondents' age, education, gender and experience is observed. As a result, it is likely that the findings of the study can be generalized across different types of exporting firms.

**Table 4.10: Participant Characteristics**

| | % of Participants | |
|---|---|---|
| **Demographic Information** | **Turkey** | **The US** |
| **Age** | | |
| Younger than 25 | 5.4 | 3.8 |
| 26 to 40 | 61.8 | 51.9 |
| 41 to 55 | 29.9 | 32.4 |
| Older than 56 | 2.9 | 11.9 |
| **Gender** | | |
| Female | 20.6 | 52.9 |
| Male | 79.4 | 47.1 |
| **Education** | | |
| High school | 11.3 | 19.5 |
| College/higher education | 88.7 | 80.5 |

**Table 4.11: Company Characteristics**

| | % of Companies | |
|---|---|---|
| **Characteristics** | **Turkey** | **The US** |
| **Number of full-time employees** | | |
| Up to 20 | 18.1 | 7.1 |
| 21 to 50 | 26.5 | 11.0 |
| 51 to 100 | 19.1 | 18.6 |
| 101 to 250 | 24.0 | 31.0 |
| 251 to 500 | 9.3 | 32.4 |
| **Years in Business** | | |
| 2 to 10 | 15.7 | 26.7 |
| 11 to 20 | 24.0 | 26.2 |
| 21 to 30 | 31.9 | 19.0 |
| More than 30 | 28.4 | 28.1 |
| **Industry** | | |
| Automotive | 16.2 | 21.4 |
| Chemicals | 19.1 | 10.5 |
| Agriculture | 9.8 | 7.6 |
| Electricals | 16.7 | 29.0 |
| Textile/apparel | 25.5 | 23.3 |
| Forestry | 12.7 | 8.1 |
| **Years in Exporting** | | |
| 2 to 5 | 18.6 | 20.0 |
| 6 to 10 | 23.0 | 24.8 |
| 11 to 15 | 22.5 | 15.2 |
| More than 15 | 35.8 | 40.0 |
| **Number of export regions** | | |
| Up to 2 regions | 30.9 | 60.5 |
| 3 to 5 regions | 53.4 | 29.5 |
| 6 to 8 regions | 15.7 | 10.0 |
| **Years in export venture** | | |
| 2 to 5 | 64.7 | 24.4 |
| 6 to 10 | 19.1 | 26.8 |
| 11 to 15 | 6.4 | 12.9 |
| More than 15 | 9.8 | 35.9 |
| **Distribution channel** | | |
| Overseas distributor | 48.5 | 57.6 |
| Agent | 26.0 | 24.3 |
| Direct selling to end-user consumer | 34.3 | 40.0 |

## 4.10. Analytical Procedures

After completing the data collection process, the following step is to empirically analyze the obtained data. As such, the investigator will next explain the statistical tests utilized in the study. The research data were analyzed using SPSS (version 24.0) and AMOS (version 24.0).

### 4.10.1. Descriptive Analysis

Before assessing the conceptual model of the research, the investigator will examine the descriptive statistics of the research data obtained from both samples. Descriptive statistics provide the main features of data (Malhotra, 2015). These statistics include frequency (relative occurrence), mean (central tendency) and standard deviation (measure of dispersion) (Malhotra, 2015). These values will help the investigator to gather the initial thoughts to interpret the research results.

Furthermore, normal distribution of data is assessed by computing skewness and kurtosis of all the constructs included in the study (Hair et al., 2010). Accordingly, if the data have a skewness value inside the range of -1 and +1 and a kurtosis value between -3 and +3, they would be regarded as normal data (Hair et al., 2010). These descriptive statistics will be calculated for the measures of the research constructs in Chapter Five.

Additionally, the investigator will perform corrected item-to-total correlation analysis to establish unidimensionality and validity of scales (Churchill and Iacobucci, 2005; Hair et al., 2010). The corrected item-to-total correlation shows the extent to which any item is correlated with the corresponding scale itself (Pallant, 2013). Researchers are advised to remove items that possess low correlations with the rest of the items in the scale as they

might not belong to the same scale (Nunnally and Berstein, 1994). A common practice among scholars is to consider item-to-total correlation less than 0.5 as a signal for item removal (Tabachnick and Fidell, 2007; Cronbach and Shavelson, 2004). This analysis will be performed and discussed in Chapter Six.

### 4.10.2. Validity Check

Validity is defined as "the extent to which differences in observed scale scores reflect true differences among objects on the characteristic being measured, rather than systematic or random error" (Malhotra, 2015, p.202). In the present study, the investigator examines two types of validity, namely, face validity and construct validity.

Face validity, also known as content validity, stresses the representativeness of the scale items for the construct itself (Malhotra and Birks, 2007). The investigator used a systematic approach to check the face validity of measures used in the study. As such, all the measurement scales included in the questionnaire were assessed by academic researchers. They examined if the items in a measurement construct reflected the construct that they were supposed to measure. Necessary modifications were made according to the suggestions received from the academic researchers. Nevertheless, as face validity in nature is a subjective way of examining validity (Malhotra and Birks, 2007), it is not sufficient to prove the validity of measures. Therefore, the investigator will support the validity of the measures deployed in this study by examining construct validity.

Construct validity is the degree to which a set of measured variables represents the theoretical construct those items are intended to measure (Hair et al., 2010). It is a more

formal and objective way of assessing validity of measures. Besides, it is the most sophisticated and difficult type of validity (Malhotra and Birks, 2007). In this research, construct validity was evaluated in terms of two types, namely, convergent validity and discriminant validity (Bagozzi et al., 1991).

Convergent validity is the extent to which indicators of a particular construct share a high proportion of variance in common (Hair et al., 2010). This type of validity is checked by conducting confirmatory factor analysis (CFA). Hair et al. (2010) suggest three different methods to analyze convergent validity, namely, factor loadings, average variance extracted (AVE) and composite reliability (CR). Specifically, factor loading estimates of 0.50 or higher are considered adequate. Similarly, in association with factor loadings, t-values of the factors should be at least 1.96. AVE is a measure of the average of the squared standardized loadings and a score of .50 or higher suggests adequate convergence. Concerning the composite reliability test, this score should be above .70 (Hair et al., 2010). The results of these methods will be discussed in Chapter Six.

Discriminant validity concerns the degree to which a construct is distinct and differs from other constructs from which it is supposed to differ (Malhotra and Birks, 2007). More clearly, it stresses the lack of correlation between measures which the researcher wants to differ. The investigator examined the discriminant validity using the AVE-correlation comparison test (Fornell and Larcker, 1981). AVE-squared correlation comparison analysis is quite a stringent approach to test the discriminant validity of study measures. It is desired that the AVE for each construct in the study is greater than its highest shared variance (the squared correlation) with other constructs. The logic here is based on the idea that a latent construct should explain more of the variance in its measures than it

shares with any other construct (Hair et al., 2010). This analysis will be performed and discussed in Chapter Six.

### 4.10.3. Reliability Check

Reliability represents the extent to which a measurement of the construct is consistent in repeated measurements (Hair et al., 2010). That is, reliability is the degree to which the measurement of the construct is free from random error (Malhotra, 2015). Note that it is different from validity as, instead of what should be measured, reliability stresses how it should be measured (Hair et al., 2010). Internal consistency is used to assess the reliability of scales. It desires that each item on a scale measures some aspect of the construct, resulting in high inter-correlation (Malhotra and Birks, 2007).

The internal consistency of the constructs employed in this research was evaluated using Cronbach's alpha. In the marketing discipline, Cronbach's alpha is the most common method of assessing the internal consistency of the scales. The alpha score can take values from 0 to 1 and the generally acceptable cut-off point for this score is .70 (Nunnally, 1978). The details of the analyses and results are provided in Chapter Six.

### 4.10.4. Cross-National Measurement Invariance

Before examining the proposed research model across the Turkish and US samples, the investigator explored the measurement invariance. Horn and McArdle (1992, p.117) define measurement invariance as "whether or not, under different conditions of observing and studying phenomena, measurement operations yield measures of the same attribute." In other words, measurement invariance stresses whether the factor loadings of the measurement are invariant across different groups of a study. If the research data

lack measurement invariance, conclusions based on that scale are ambiguous and erroneous (Steenkamp and Baumgartner, 1998). Therefore, a cross-national researcher should prove that observed differences in the results are not due to systematic biases in responses to the underlying construct. Rather, such differences should exist because of true differences between the countries on the construct of interest.

Cross-national research is required to consider three levels of measurement invariance, namely, configural, metric and scalar (Steenkamp and Baumgartner, 1998; He et al., 2008). Configural invariance is considered to be a baseline model and it stresses whether the same items measure the relative constructs across different groups (Byrne, 2009). In other words, it assesses the degree to which the constructs can be conceptualized in the same way across samples. Metric invariance builds upon configural invariance and it is confirmed when the factor loadings are identical for each scale item between the groups. So, this form of invariance indicates that participants from different samples respond to the construct items in the same way (Steenkamp and Baumgartner, 1998). Scalar invariance builds upon metric variance and it exists when the item intercepts are equal across groups. This invariance is particularly required to be confirmed to compare means across samples (Steenkamp and Baumgartner, 1998).

These measurement invariances are tested by performing a series of multi-group confirmatory factor analyses (CFAs) (Jöreskog, 1971). Firstly, configural invariance is tested by running a multi-group CFA with freed factor loadings across all groups. Note that the multi-group CFA mentioned in this section is different from the two separate CFAs performed previously in this study. This is because the configural invariance test is performed by running two CFAs simultaneously (Byrne, 2009). So, the parameters are

estimated for all groups at the same time. Secondly, metric invariance is tested by constraining the matrix of factor loadings of all constructs to be invariant across groups. Then, the fit of this metric model is compared with the fit of the configural model using a chi-square difference test. If there is no significant difference in the model fit, metric invariance across groups is confirmed. Thirdly, scalar invariance is assessed by constraining the intercepts of the invariant factor loadings from the metric invariance model to be invariant.

Regarding the assessment of measurement invariance, configural invariance is evaluated using overall model fit indices. In order to assess the results of metric and scalar invariances, two approaches are suggested in marketing research. The first approach is $\chi 2$ difference ($\Delta\chi 2$) test (Jöreskog, 1971). Accordingly, if $\chi 2$ difference value is not statistically significant, the presence of invariance is confirmed. The second approach in arguing for evidence of invariance is proposed by Cheung and Rensvold (2002). These scholars claim that it may be more practical to utilize from a difference in CFI ($\Delta$CFI) rather than $\chi 2$ ($\Delta\chi 2$). Accordingly, if the CFI difference is below .01, the evidence of invariance is confirmed.

### 4.10.5. Correlation Analysis

Correlation analysis is used to assess the strength and direction of the association between a pair of variables. For the purpose of this study, Pearson's correlation will be assessed as this type of correlation analysis is the most appropriate one for the variables that are measured by using interval or ratio scale. In general, the correlation score takes values from -1 to +1. As such, a correlation of -1 indicates a perfect negative correlation, a value

of zero means no association, and +1 shows a significant positive correlation between variables.

### 4.10.6. Hypothesis Testing

The research model includes multiple independent and dependent variables. So, structural equation modelling (SEM) will be applied to test the proposed research hypotheses. SEM is a statistical technique which combines and integrates factor analysis and path analysis to test the causal relations of the study constructs. There are many advantages of SEM (Malhotra, 2015). First of all, SEM can examine how well the observed measures represent the constructs in the model. Second, this type of multivariate analysis accounts for the measurement error. Measurement error is basically the extent to which an observed measure does not describe the construct. Third, it allows the researchers to estimate all the parameters of relationships in the model at the same time.

Anderson and Gerbing (1988) suggest using a two-step approach in SEM. According to this approach, the SEM model includes two models, measurement model and structural model. In the measurement model, researchers examine how well the constructs are represented by observed variables (Malhotra, 2015). By using the CFA technique, the measurement model enables researchers to detect the validity and reliability of study measures. On the other hand, the structural model examines hypothesized relationships between the constructs in the research model (Anderson and Gerbing, 1988; Malhotra, 2015). In other words, this model specifies if proposed relationships exist. Note that the specified measures of the constructs and the causal relationships between those constructs should be on the basis of theory model (Anderson and Gerbing, 1988). According to Anderson and Gerbing (1988), researchers should first conduct a measurement model and

make sure that the study measures are valid and reliable. Then, they should proceed with testing the structural model and clarify the relations of constructs.

In this study, the investigator will follow this two-step approach of Anderson and Gerbing (1988). Therefore, the investigator will first test the measurement model by CFA technique. Validity and reliability of measures will be assessed. Later, a structural model will be applied in order to test the proposed hypotheses. As Anderson and Gerbing (1988) suggest, theory and extant empirical research in the literature will be carefully considered during this-two step procedure.

In SEM, the fit is operationalized as an evaluation of the degree of discrepancy between the true population covariance matrix and that implied by the model's structural and non-structural parameters (Mueller and Hancock, 2008). The purpose of the model fit evaluation is to determine whether the associations among observed variables and the related constructs in the estimated model adequately reflect the observed associations in the data (Weston and Gore, 2006). In order to determine the model fit, SEM uses a series of indices that show how well the hypothesized model represents the empirical data. This relationship is known as goodness-of-fit (Byrne, 2013). These indices are divided into two groups, absolute fit indices and incremental fit indices (Kline, 2016). While absolute fit indices show how well a proposed model explains the data, incremental fit indices estimate the fit of the specified model relative to some alternative baseline model, a null model in which all observed variables are unrelated to each other (Hair et al., 2010; Malhotra, 2015). The investigator used Chi-square ($\chi 2$) statistic, Normed chi-square ($\chi 2/df$) and root mean square error of approximation (RMSEA) as absolute fit measures.

$\chi 2$ is a statistical measure for evaluating overall model fit (Hooper et al., 2008). It stresses the discrepancy between the observed and the estimated covariance matrices (Hair et al., 2010). Low and non-significant chi-square is desired to claim that the specified model fits with the data. Yet, chi-square is very sensitive to sample size in that high sample size may cause high chi-square value. This may generate a significant p value, even though there is a fit between the tested model and the data (Klein, 2016). In order to decrease the sensitivity of the model chi-square to sample size, Normed chi-square ($\chi 2/df$) is introduced to assess the fit of the data to the model (Kline, 2016). The recommended threshold ratio for $\chi 2/df$ is 3 (Hair et al., 2010). RMSEA, one of the most widely used indices, estimates inconsistency between the sample and fitted covariance matrix per degree of freedom. It considers sample size and model complexity. An RMSEA of at most 0.08 is desired in order to have a good model fit.

Concerning incremental fit indices, Incremental Fit Index (IFI) and Comparative Fit Index (CFI) are deployed in this study. The value of IFI and CFI close to 1 is desired (Kline, 2016). A summary of the goodness-of-fit indices used in the SEM is provided in Table 4.12.

**Table 4.12: Summary of Goodness-of-fit Indices**

| Fit indices | Measure Type | Acceptable Critical Scores |
|---|---|---|
| Chi-square ($\chi 2$) | Absolute Fit | $0.01 \leq p \leq 1.00$ |
| Normed Chi-square ($\chi 2/df$) | Absolute Fit | $0 \leq \chi 2/df \leq 3$ |
| Root Mean Square Error of Approximation (RMSEA) | Absolute Fit | $0 \leq RMSEA \leq 0.08$ |
| Incremental Fit Index (IFI) | Incremental Fit | $0.90 \leq CFI \leq 1.00$ |
| Comparative Fit Index (CFI) | Incremental Fit | $0.90 \leq CFI \leq 1.00$ |

**Source**: Adapted from Malhotra (2015), Hair et al. (2010), and Klein (2016)

After analyzing the overall research model fit with the data, it is also necessary to check the statistical significance of the individual parameters in the model. Parameters are the value of the causal relationship between research constructs and the items/indicators used to measure them. The significance of these parameters is examined by using t-value. This t-value is calculated by dividing the value of each parameter with its standard error. The widely accepted t-value is greater than ±1.96 at the $p \leq 0.05$ level (95% CI) for a two-tailed test (Klein, 2015).

### 4.11. Summary

This chapter has covered the overall methodology that was followed to conduct the empirical examination of the proposed research model. The chapter started with the research philosophy and design undertaken. Later, the investigator discussed the questionnaire development procedure, including operationalization of the study constructs, questionnaire format and development and translation, common method bias and unit of analysis. Afterwards, the sampling process, including the characteristics of the respondents, was discussed in detail. The chapter closed by detailing the analytical procedures applied to prepare the data for hypothesis testing. The following chapter will report the descriptive research findings of the study data.

# Chapter 5 Descriptive Results

## 5.1. Introduction

The present chapter provides the descriptive properties of the collected data. Specifically, the investigator provides the means, standard deviations and frequencies of the individual items used to measure the research constructs. The order of the descriptive details of the study constructs is as follows: goal orientation, process thinking skills, dynamic capabilities, export venture growth, market dynamism and competitive intensity.

## 5.2. Descriptive Results for Goal Orientation

The descriptive findings of the measurement of learning and prove orientation are provided in Table 5.1. Respondents were asked to indicate their degree of disagreement/agreement on a series of statements related to each of these two variables. Responses were obtained by a seven-point scale (1=strongly disagree, 7=strongly agree). Specifically, learning orientation and prove orientation were measured by four and five items, respectively. When responding, respondents were asked to think only about themselves at work, not in any other aspects of their lives.

Concerning the Turkish sample, Table 5.1 indicates there was a tendency among participants to provide answers towards the upper end of the scale in all learning orientation items. Specifically, the means of five items range from 5.63 to 5.89, which are greater than the midpoint 4. These results show that the respondents are highly learning-oriented at work. Regarding the prove orientation, the means of four items deployed to tap the prove orientation range from 4.40 to 4.84, which are slightly above the midpoint 4. This confirms that respondents of the Turkish sample are highly prove-oriented at work. Similarly, respondents in the US sample provided answers towards the

upper end of the scale in all items of learning and prove orientation. The means of five items of learning orientation ranged from 5.81 to 6.24, whereas those of four items of prove orientation range from 5.53 to 5.73. All these means are higher than the midpoint of 4. This indicates that respondents of the US sample are highly learning and prove-oriented at work.

**Table 5.1: Descriptive Results for Goal Orientation**

| | Turkey / US | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Response Scale (%) | | | | | | | Scale Descriptive | |
| | **Strongly Disagree** | | | | | | **Strongly Agree** | | |
| **Items** | (1) | **(2)** | **(3)** | **(4)** | **(5)** | **(6)** | **(7)** | **Mean** | **SD** |
| **Learning Orientation** | | | | | | | | | |
| LEARN1 | 1.0 / 0.5 | 1.0 / 0.5 | 2.9 / 2.9 | 6.9 / 4.8 | 20.1 / 14.3 | 33.8 / 25.7 | 34.3 / 51.4 | 5.83 / 6.15 | 1.21 / 1.13 |
| LEARN2 | 0.0 / 0.0 | 1.0 / 0.5 | 2.5 / 1.0 | 7.8 / 3.8 | 18.6 / 14.8 | 36.3 / 29.0 | 33.8 / 51.0 | 5.89 / 6.24 | 1.10 / 0.96 |
| LEARN3 | 0.5 / 0.0 | 0.5 / 1.9 | 2.5 / 2.4 | 10.3 /3.4 | 19.1 17.7 | 31.4 / 28.1 | 35.8 / 46.7 | 5.84 / 6.07 | 1.16 / 1.14 |
| LEARN4 | 1.0 / 0.5 | 2.0 / 0.5 | 3.4 / 1.9 | 10.8 / 11.0 | 21.1 / 20.0 | 32.4 / 33.3 | 35.8 / 32.9 | 5.63 / 5.81 | 1.30 / 1.14 |
| LEARN5 | 0.5 / 0.5 | 0.5 / 0.5 | 3.4 / 3.3 | 8.8 / 8.1 | 18.1 / 16.7 | 39.2 / 32.4 | 29.4 / 38.6 | 5.80 / 5.91 | 1.14 / 1.17 |
| **Prove Orientation** | | | | | | | | | |
| PROVE1 | 6.9 / 4.3 | 4.9 / 2.9 | 9.3 / 3.3 | 19.6 / 9.5 | 17.2 / 22.4 | 19.6 23.8 | 22.5 / 33.8 | 4.84 / 5.50 | 1.79 / 1.59 |
| PROVE2 | 10.3 / 2.9 | 4.9 / 1.4 | 10.8 / 4.3 | 26.0 / 9.0 | 20.1 / 20.5 | 13.7 / 31.0 | 14.2 / 31.0 | 4.40 / 5.60 | 1.77 / 1.43 |
| PROVE3 | 7.8 1.9 | 4.4 / 1.4 | 6.4 / 1.9 | 22.5 / 11.9 | 17.2 / 17.6 | 19.6 / 30.0 | 22.1 / 35.2 | 4.84 / 5.73 | 1.79 / 1.35 |
| PROVE4 | 11.3 / 1.9 | 6.4 / 1.0 | 7.8 / 5.7 | 22.5 / 10.0 | 11.8 / 20.5 | 20.6 / 27.1 | 19.6 / 33.8 | 4.58 / 5.63 | 1.93 / 1.40 |

## 5.3. Descriptive Results for Process Thinking Skills

Frequency, mean and SD analyses of both dimensions of the process thinking skills construct are illustrated in Table 5.2. The export managers' process thinking skills were measured by 13 items. Participants were asked to evaluate statements regarding export venture-related work on a seven-point scale ranging from 1 (very bad) to 7 (very well).

Following the detailed inspection of frequency distribution and mean values of implementation thinking skill of the Turkish sample provided in Table 5.2, it is obvious that there is a tendency in the responses towards the upper end of the scale employed. A total of 8 items exhibited a mean value ranging from 5.55 to 5.93. Concerning improvement thinking skill, the same tendency was observed, such that the means of five items take values from 5.14 to 5.87. In a similar vein, in the US sample, implementation and improvement dimensions of process thinking skills depict high mean scores, ranging from 5.35 to 6.21 and 5.69 to 5.87, respectively. Therefore, it can be concluded that respondents in both the Turkish and the US samples have strong process thinking skills in the workplace.

**Table 5.2: Descriptive Analysis for Process Thinking Skills**

| | Turkey / US | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Response Scale (%) | | | | | | | Scale Descriptive | |
| | Very Bad | | | | | | Very well | | |
| **Items** | (1) | **(2)** | **(3)** | **(4)** | **(5)** | **(6)** | **(7)** | **Mean** | **SD** |
| **Implementation** | | | | | | | | | |
| IMPLEM1 | 0.0 / 0.0 | 0.5 / 0.0 | 2.5 / 0.5 | 8.8 / 8.1 | 12.7 / 12.9 | 42.6 / 27.1 | 32.8 / 51.4 | 5.93 / 6.21 | 1.05 / 0.98 |
| IMPLEM2 | 0.5 / 0.0 | 1.0 / 1.0 | 2.0 / 2.9 | 11.8 / 8.1 | 15.2 / 19.5 | 42.6 / 30.5 | 27.0 / 38.1 | 5.76 / 5.90 | 1.14 / 1.14 |
| IMPLEM3 | 0.5 / 0.5 | 0.0 / 1.4 | 2.0 / 4.8 | 9.3 / 7.1 | 17.6 / 19.0 | 39.7 / 34.8 | 30.9 / 32.4 | 5.86 / 5.77 | 1.07 / 1.24 |
| IMPLEM4 | 0.5 / 0.5 | 1.0 / 2.9 | 4.9 / 5.2 | 10.8 / 14.8 | 24.5 / 26.7 | 35.8 / 29.5 | 22.5 / 20.5 | 5.55 / 5.35 | 1.20 / 1.30 |
| IMPLEM5 | 0.5 / 0.5 | 1.0 / 0.0 | 3.9 / 1.9 | 8.3 / 8.6 | 22.5 / 16.7 | 36.8 / 37.6 | 27.0 / 34.8 | 5.69 / 5.93 | 1.17 / 1.07 |
| IMPLEM6 | 0.0 / 0.0 | 1.0 / 0.5 | 1.0 / 2.4 | 8.8 / 9.0 | 16.7 / 22.4 | 39.2 / 32.4 | 33.3 / 33.3 | 5.92 / 5.84 | 1.05 / 1.09 |
| IMPLEM7 | 0.0 / 0.0 | 0.0 / 0.5 | 2.0 / 4.8 | 8.8 / 4.3 | 18.1 / 25.2 | 41.2 / 32.9 | 29.9 / 32.4 | 5.88 / 5.82 | 1.0 / 1.11 |
| IMPLEM8 | 0.0 / 0.0 | 0.5 / 1.4 | 2.5 / 3.8 | 10.3 / 11.0 | 19.1 / 20.0 | 38.8 / 33.3 | 29.9 / 30.5 | 5.81 / 5.71 | 1.08 / 1.20 |
| **Improvement** | | | | | | | | | |
| IMPROV1 | 0.0 / 0.0 | 0.0 / 0.0 | 2.5 / 2.4 | 5.9 / 9.5 | 26.0 / 26.7 | 33.8 / 27.6 | 31.9 / 33.8 | 5.87 / 5.81 | 1.01 / 1.08 |
| IMPROV2 | 0.0 / 0.5 | 0.5 / 0.5 | 2.0 / 3.8 | 10.8 / 7.6 | 17.6 / 23.3 | 40.2 / 31.4 | 28.9 / 32.9 | 5.82 / 5.79 | 1.06 / 1.17 |
| IMPROV3 | 1.5 / 0.5 | 2.0 / 0.5 | 8.3 / 3.8 | 16.7 / 12.4 | 30.4 / 23.8 | 23.0 / 25.7 | 18.1 / 33.3 | 5.14 / 5.69 | 1.36 / 1.23 |
| IMPROV4 | 0.0 / 0.5 | 0.0 / 0.0 | 2.0 / 2.4 | 12.3 / 8.1 | 20.6 / 21.9 | 39.7 / 34.8 | 25.5 / 32.4 | 5.74 / 5.85 | 1.03 / 1.09 |
| IMPROV5 | 0.0 / 0.0 | 0.5 / 0.5 | 1.0 / 3.8 | 10.3 / 7.1 | 20.6 / 21.0 | 38.7 / 32.4 | 28.9 / 35.2 | 5.83 / 5.87 | 1.02 / 1.12 |

## 5.4. Descriptive Results for Dynamic Capabilities

Export manufacturing SMEs' dynamic capabilities were measured by asking respondents to evaluate 14 statements considering the export venture market they specified at the beginning of the questionnaire. They were assessed in terms of sensing, seizing and reconfiguring dimensions. Responses were collected on a seven-point scale (1=strongly disagree, 7=strongly agree). Descriptive findings of the dynamic capabilities measurement are presented in Table 5.3.

Frequency, mean and SD results reveal that respondents in the Turkish sample provided answers towards the upper end of the scale in all dimensions of dynamic capabilities. Sensing, seizing and reconfiguring items exhibited a mean value that ranged from 5.55 to 5.93, 5.06 to 6.17 and 5.22 to 5.30, respectively. A similar picture was observed in the responses of the US sample. Specifically, sensing, seizing and reconfiguring items exhibited a mean value that ranged from 5.07 to 5.71, 5.43 to 6.07 and 5.31 to 5.48, respectively. As these means are above the midpoint of 4, it can be concluded that both the Turkish and the US participants consider that their firms possess strong dynamic capabilities.

## Table 5.3: Descriptive Analysis for Dynamic Capabilities

| | Turkey / US | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Response Scale (%) | | | | | | | Scale Descriptive | |
| Items | Strongly Disagree (1) | (2) | (3) | (4) | (5) | (6) | Strongly Agree (7) | Mean | SD |
| **Sensing** | | | | | | | | | |
| SENSE1 | 7.4 / 9.0 | 9.8 / 5.7 | 8.3 / 5.2 | 15.2 / 10.5 | 15.2 / 20.5 | 16.7 / 16.7 | 27.5 / 32.4 | 4.81 / 5.07 | 1.95 / 1.94 |
| SENSE2 | 1.0 / 3.3 | 4.4 / 1.9 | 5.4 / 3.8 | 21.6 / 14.8 | 19.6 / 19.0 | 26.5 / 28.6 | 21.6 / 28.6 | 5.20 / 5.44 | 1.44 / 1.50 |
| SENSE3 | 1.5 / 1.9 | 3.4 / 1.4 | 5.9 / 4.3 | 17.2 / 11.0 | 24.0 / 17.6 | 28.4 / 27.6 | 19.6 / 36.2 | 5.23 / 5.69 | 1.41 / 1.41 |
| SENSE4 | 2.0 / 2.4 | 2.0 / 4.3 | 10.3 / 4.3 | 17.2 / 13.8 | 19.1 / 19.0 | 27.9 / 26.7 | 21.6 / 29.5 | 5.20 / 5.41 | 1.48 / 1.54 |
| SENSE5 | 0.0 / 2.4 | 3.4 / 2.4 | 3.9 / 3.3 | 13.7 / 8.6 | 20.1 / 17.6 | 28.9 / 28.6 | 29.9 / 37.1 | 5.57 / 5.71 | 1.33 / 1.45 |
| SENSE6 | 3.4 / 2.9 | 6.4 / 3.8 | 9.3 / 3.8 | 19.1 / 12.9 | 22.5 / 19.9 | 20.6 / 25.2 | 18.6 / 32.4 | 4.87 / 5.47 | 1.62 / 1.56 |
| **Seizing** | | | | | | | | | |
| SEIZE1 | 2.5 / 2.9 | 2.0 / 2.4 | 12.7 / 4.8 | 15.2 / 13.3 | 25.0 / 21.0 | 22.5 / 26.7 | 20.1 / 29.0 | 5.06 / 5.43 | 1.51 / 1.50 |
| SEIZE2 | 0.5 / 1.9 | 3.4 / 1.0 | 5.9 / 6.2 | 18.6 / 8.1 | 22.1 / 13.8 | 26.0 / 35.2 | 23.5 / 33.8 | 5.31 / 5.72 | 1.39 / 1.38 |
| SEIZE3 | 0.5 / 1.9 | 2.0 / 0.5 | 3.4 / 4.3 | 7.8 / 5.7 | 17.6 / 12.4 | 25.0 / 22.9 | 43.6 / 52.4 | 5.90 / 6.04 | 1.29 / 1.35 |
| SEIZE4 | 1.0 / 1.9 | 1.0 / 1.0 | 1.5 / 4.8 | 2.5 / 8.6 | 12.3 / 22.4 | 33.8 / 27.6 | 48.1 / 33.8 | 6.17 / 5.67 | 1.09 / 1.36 |
| **Reconfiguring** | | | | | | | | | |
| RECONF1 | 1.0 / 1.4 | 2.5 / 2.4 | 9.8 / 10.5 | 14.2 / 12.9 | 22.1 / 20.0 | 26.5 / 27.6 | 24.0 / 25.2 | 5.30 / 5.31 | 1.43 / 1.48 |
| RECONF2 | 0.0 / 1.4 | 2.0 / 3.3 | 10.8 / 7.1 | 17.6 / 12.4 | 21.1 / 22.4 | 29.9 / 26.7 | 18.6 / 26.7 | 5.22 / 5.38 | 1.34 / 1.46 |
| RECONF3 | 0.0 / 1.9 | 2.0 / 1.9 | 8.3 / 8.6 | 14.2 / 8.6 | 27.5 / 22.4 | 31.4 / 28.6 | 16.7 / 28.1 | 5.28 / 5.46 | 1.25 / 1.45 |
| RECONF4 | 0.5 / 2.9 | 2.5 / 1.9 | 7.4 / 5.2 | 16.2 / 12.9 | 27.5 / 16.2 | 28.9 / 33.3 | 17.2 / 27.6 | 5.23 / 5.48 | 1.30 / 1.48 |

## 5.5. Descriptive Results for Export Venture Growth

Export manufacturer's export venture growth was evaluated in terms of sales, profit and market share. Respondents were asked to evaluate their export venture growth over the past year on the basis of eight intervals. These intervals are: (1) -15% or more; (2) -14% to -5%; (3) -4% to 0; (4) 1% to 5%; (5) 6% to 10%; (6) 11% to 20%; (7) 21% to 40%; and (8) over 40%. Table 5.4 displays the descriptive findings regarding this measurement.

The results confirm that, in all three aspects of export venture growth, there is considerable variation in the responses of the Turkish sample. As such, mean scores, which range from 4.09 to 4.36, are below the midpoint of 4.5. On the other hand, in the US sample, all three aspects of export venture growth yield slightly higher means, ranging from 4.96 to 5.28. This indicates that there is reasonable variation in the responses of the US sample.

**Table 5.4: Descriptive Analysis for Export Venture Growth**

| Turkey / US | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Response Scale (%) | | | | | | | | Scale Descriptive | |
| | **-15 or more** | **-14 to -5** | **-4 to 0** | **1 to 5** | **6 to 10** | **11 to 20** | **21 to 40** | **Over 40** | **Mean** | **SD** |
| Sales | 7.8 / 2.4 | 2.5 / 1.0 | 17.6 / 2.9 | 26.0 / 16.7 | 22.1 / 36.7 | 14.2 / 24.3 | 7.8 / 10.5 | 2.0 / 5.7 | 4.36 / 5.28 | 1.63 / 1.36 |
| Profit | 6.9 / 1.4 | 3.4 / 1.4 | 17.6 / 1.9 | 38.7 / 27.1 | 18.6 / 33.8 | 9.3 / 18.1 | 4.4 / 8.6 | 1.0 / 7.6 | 4.09 / 5.17 | 1.43 / 1.38 |
| Market share | 6.4 / 1.9 | 3.4 / 1.1 | 19.6 / 3.3 | 35.8 / 36.2 | 18.1 / 26.2 | 12.7 / 18.1 | 2.9 / 9.0 | 1.0 / 4.3 | 4.11 / 4.96 | 1.42 / 1.35 |

## 5.6. Descriptive Results for Market Dynamism and Competitive Intensity

Market dynamism was measured by asking respondents to evaluate four items about their export venture market. Responses were captured by employing a seven-point Likert scale (1=strongly disagree, 7=strongly agree). Table 5.5 illustrates the frequencies as well as the descriptive statistics of the items used to capture market dynamism in the export venture market for both samples. As seen, in the Turkish sample, mean values for the market dynamism scale items range from 3.79 to 4.74. As they are slightly higher than the midpoint of 4, it can be concluded that there is good variation in the responses of the Turkish sample to market dynamism. On the other hand, in the US sample, there was a tendency among the participants to provide responses towards the upper end of the scale deployed. All four items depicted a mean scores above the scale's midpoint of 4. Specifically, they range from 4.70 to 5.17. This indicates that export manufacturing SMEs in the US sample perceived their export venture markets as highly dynamic.

Competitive intensity in the export venture market was evaluated using three items. Respondents assessed these items considering the competitive environment in their export venture market. Responses were captured by employing a seven-point Likert scale (1= strongly disagree, 7=strongly agree). Results of the frequency of responses as well as mean and SD are illustrated in Table 5.5. This table shows that mean scores for all three competitive intensity items among the Turkish and US samples are above the midpoint of 4. More specifically, means in the Turkish sample range from 4.56 to 5.82, whereas those in the US sample range from 4.77 to 5.31. This indicates that the majority of the respondents in both the Turkish and the US samples observe high competition in their firms' export venture markets.

**Table 5.5: Descriptive Analysis for Market Dynamism and Competitive Intensity**

| | Turkey / US | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Response Scale (%) | | | | | | | Scale Descriptive | |
| | Strongly Disagree | | | | | | Strongly Agree | | |
| **Items** | (1) | **(2)** | **(3)** | **(4)** | **(5)** | **(6)** | **(7)** | **Mean** | **SD** |
| **Market Dynamism** | | | | | | | | | |
| DYN1 | 5.9 / 5.2 | 10.8 / 8.1 | 8.3 / 9.0 | 22.6 / 13.3 | 21.1 / 20.5 | 19.1 / 23.3 | 12.3 / 20.5 | 4.49 / 4.88 | 1.70 / 1.76 |
| DYN2 | 10.3 / 3.3 | 18.1 / 7.6 | 14.2 / 14.3 | 23.5 / 15.7 | 15.7 / 20.5 | 9.3 / 26.2 | 8.8 / 12.4 | 3.79 / 4.70 | 1.76 / 1.62 |
| DYN3 | 3.9 / 1.9 | 13.7 / 4.3 | 7.8 / 9.5 | 15.7 / 13.3 | 17.7 / 23.3 | 20.1 / 25.7 | 21.1 / 21.9 | 4.74 / 5.17 | 1.82 / 1.52 |
| DYN4 | 7.4 / 5.2 | 11.8 / 5.2 | 8.8 / 11.9 | 18.6 / 18.1 | 16.2 / 19.0 | 19.1 / 23.8 | 18.1 / 16.7 | 4.54 / 4.79 | 1.87 / 1.68 |
| **Competitive Intensity** | | | | | | | | | |
| INTEN1 | 1.0 / 1.0 | 3.9 / 3.3 | 3.4 / 6.7 | 7.4 / 14.8 | 13.7 / 22.4 | 28.98 / 31.0 | 41.7 / 21.0 | 5.82 / 5.31 | 1.42 / 1.39 |
| INTEN2 | 4.9 / 5.2 | 11.8 / 4.3 | 9.8 / 14.8 | 20.1 / 14.8 | 21.1 / 20.5 | 13.7 / 26.2 | 18.6 / 14.3 | 4.56 / 4.77 | 1.77 / 1.66 |
| INTEN3 | 2.0 / 3.3 | 4.4 / 3.8 | 9.3 / 9.5 | 17.2 / 15.2 | 22.6 / 22.4 | 23.5 / 24.3 | 21.1 / 21.4 | 5.09 / 5.08 | 1.53 / 1.59 |

## 5.7. Normality of the Data

On the basis of the discussions in the previous chapter, the normality of the data was checked using skewness and kurtosis values. All the variables in both the Turkish and the US data were examined for their skewness and kurtosis. Accordingly, if the data have a skewness value inside the range of -1 and +1 and a kurtosis value between -3 and +3, they would be regarded as normal data (Hair et al., 2010). In the Turkish data, the construct of learning orientation showed a negatively skewed value of -1.03. As this is marginally above the cut-off point of -1, the investigator does not see the necessity of fixing this issue. As suggested, kurtosis values ranged between -3 and +3. Therefore, it can be concluded that the Turkish data are normally distributed. In the US data, learning orientation (-1.09), prove orientation (1.28) and dynamic capabilities (1.12) constructs had slightly high skewness values. However, since they are marginally above the cut-off point of -1 and kurtosis values ranged between -3 and +3, the investigator proceeded to the further analyses with these constructs. Finally, as mentioned before, the investigator performed log transformation for four control variables, namely, manager age, tenure, firm size and firm age, to ensure normality.

## 5.8. Summary

In this chapter, the investigator discussed the descriptive research findings concerning the collected data. Specifically, means, standard deviation and frequencies of the individual items of each research measure deployed in the study were scrutinized. The normality of the Turkish and the US data was assessed using skewness and kurtosis values. The data will be used in Chapter Six to assess the validity and reliability of the construct measures.

# Chapter 6  Validity of Measures

## 6.1. Introduction

In the present chapter, validity and reliability of the measures applied to collect the research data are examined. Accordingly, the investigator first assesses the confirmatory factor analysis results. Both convergent and discriminant validity of the research constructs are verified. Furthermore, the reliability of the constructs is examined to ensure the internal consistency between the individual items of each construct. Measurement invariance across the two samples and common method variance are also inspected.

## 6.2. Item-to-Total Correlation Analyses

The investigator performed corrected item-to-total correlation analysis for each of the measures tapping individual constructs. This statistical test is used to ensure that the items belong to the domain of a specific construct. Items possessing a corrected item-to-total correlation score below a threshold of 0.50 were removed from the further analysis (Hair et al., 2010).

Item-to-total correlation analyses identified that SENSE1 from sensing and SEIZE4 from seizing would not significantly contribute to tapping the domain of their reflecting constructs both in the Turkish and the US data (Table 6.1). The investigator removed these two items and repeated the analysis. The results did not pose any further concerning issues. Thus, all the remaining items were used in further analysis.

**Table 6.1: Low Corrected Item-to-Total Correlation Values**

| | | | r | |
|---|---|---|---|---|
| **Construct** | **Code** | **Item** | **TR** | **US** |
| Sensing | SENSE1 | We attend international trade fairs and exhibitions | .35 | .36 |
| Seizing | SEIZE4 | We change our practices when customer feedback gives us a reason to change | .49 | .60 |

## 6.3. Confirmatory Factor Analyses

Convergent validity was tested employing CFA for the Turkish and US data. All the items deployed were modelled to load on their designated factor, and all latent variables were allowed to correlate. Consistent with the extant literature, process thinking was viewed as a higher-order/aggregated construct, comprising implementation skill and improvement skill. Likewise, the dynamic capabilities construct was operationalized as a higher-order/aggregated construct that was captured using three dimensions, namely, sensing, seizing and reconfiguring. Therefore, CFA was performed for the dimensions.

When assessing a measurement model in CFA, in order to increase model fit with the observed data, modifications are widely recommended. Specifically, Anderson and Gerbing (1988) suggest that items with large correlated errors and low loadings on the respective factors should be considered for removal. Examination of the Turkish and US measurement models revealed that items LEARN2 and LEARN5 from the learning orientation, item PROVE3 from prove orientation, item IMPLEM4 from implementation skill, SENSE2 from sensing, and finally item DYN4 from the market dynamism were problematic and yielded poor model fit for both Turkish and US data. Therefore, these items were eliminated from the measurement model. The removal of these items

improved the model fit and results of the revised measurement models for both samples are provided in Table 6.2.

Regarding the Turkish data, it is evident that the model shows a satisfactory fit to the data. Although the chi-square statistic ($\chi 2$ (524)=852.719, p<.001) is significant, it is obviously due to this test's sensitivity to sample size (Bagozzi and Yi, 2012). The other various goodness-of-fit statistics showed a good model fit to the data ($\chi 2$/df=1.63<2; CFI=.92; IFI=.92; RMSEA=.056).

Likewise, in the US sample, with the exception of the chi-square statistic ($\chi 2$ (524)=793.129, p<.001), all goodness-of-fit indicators support that the model fits well to the US data ($\chi 2$/df=1.51 <2: CFI=.94; IFI=.94; RMSEA=.050). Further, as suggested by Hair et al. (2010), all factor loadings exceeded .50 in both Turkish and US measurement models. Additionally, t-values are higher than the threshold of 1.96 (Anderson and Gerbing, 1988) in both data. What is more, as seen in Table 6.3 (Turkish sample) and Table 6.4 (The US sample), AVE and CR scores exceeded .50 and .70, respectively. Therefore, both the Turkish and the US data have reasonable convergent validity.

**Table 6.2: Measurement Model Results**

| | Turkey | | The US | |
|---|---|---|---|---|
| **Factors** | **Stand. Loadings** | **t-values** | **Stand. Loadings** | **t-values** |
| Learning Orientation | | | | |
| LEARN1* | .83 | | .82 | |
| LEARN3 | .90 | 14.79 | .84 | 13.18 |
| LEARN4 | .80 | 13.11 | .68 | 10.26 |
| Prove Orientation | | | | |
| PROVE1* | .77 | | .74 | |
| PROVE2 | .94 | 12.22 | .83 | 10.92 |
| PROVE4 | .76 | 11.22 | .82 | 10.82 |
| Implementation | | | | |
| IMPLEM1* | .64 | | .76 | |
| IMPLEM2 | .70 | 8.66 | .79 | 12.02 |
| IMPLEM3 | .61 | 7.72 | .67 | 10.02 |
| IMPLEM5 | .77 | 9.39 | .77 | 11.66 |
| IMPLEM6 | .85 | 10.08 | .73 | 10.98 |
| IMPLEM7 | .86 | 10.24 | .75 | 11.37 |
| IMPLEM8 | .82 | 9.81 | .78 | 11.77 |
| Improvement | | | | |
| IMPROV1* | .80 | | .71 | |
| IMPROV2 | .78 | 12.20 | .78 | 10.80 |
| IMPROV3 | .63 | 9.36 | .71 | 9.85 |
| IMPROV4 | .69 | 10.47 | .76 | 10.55 |
| IMPROV5 | .77 | 11.99 | .82 | 11.30 |
| Sensing | | | | |
| SENSE3* | .78 | | .77 | |
| SENSE4 | .76 | 10.78 | .67 | 10.17 |
| SENSE5 | .77 | 10.94 | .82 | 12.88 |
| SENSE6 | .58 | 7.98 | .71 | 10.85 |
| Seizing | | | | |
| SEIZE1* | .71 | | .79 | |
| SEIZE2 | .80 | 10.26 | .81 | 13.13 |
| SEIZE3 | .59 | 7.79 | .65 | 9.87 |
| Reconfiguring | | | | |
| RECON1* | .75 | | .67 | |
| RECON2 | .85 | 12.38 | .83 | 10.65 |
| RECON3 | .89 | 12.97 | .79 | 10.13 |
| RECON4 | .80 | 11.62 | .82 | 10.50 |
| Market Dynamism | | | | |
| DYN1* | .76 | | .84 | |
| DYN2 | .79 | 10.14 | .76 | 10.33 |
| DYN3 | .79 | 10.17 | .70 | 9.74 |
| Competitive Intensity | | | | |
| INTEN1* | .68 | | .65 | |
| INTEN2 | .78 | 8.40 | .79 | 7.86 |
| INTEN3 | .74 | 8.29 | .66 | 7.38 |
| Turkey: $\chi 2$= 852.719, d.f.=524, p=.000, CFI=.92, IFI=.92, RMSEA=.056 | | | | |
| US: $\chi 2$=793.129, d.f.=524, p=0.000, CFI=.94, IFI=.94, RMSEA=.050 | | | | |

*Item fixed to set the scale.

## 6.4. Discriminant Validity

The investigator assessed the discriminant validity of the construct measures used in the study using the AVE-squared correlation comparison test (Fornell and Larcker, 1981). The suggested cut-off point for AVE estimate is .50 (Hair et al., 2010). Achieving a high value for AVE is a sign that the indicators truly represent the underlying latent construct. Further, AVE scores for any two variables should be higher than the squared correlation between these two variables (Hair et al., 2010). Hence, the investigator compared the AVE of each construct with the shared variance for all possible pairs of constructs.

Accordingly, in the Turkish data, the AVE values ranged from .54 to .68. Also, in all cases, AVE estimates were higher than the corresponding squared correlation. Table 6.3 provides the AVE scores of the research constructs in the Turkish data. Concerning the US data, the AVE values ranged from .50 to .64. Also, in all cases, AVE estimates were higher than the corresponding squared correlation. Table 6.4 provides the AVE scores of the research constructs in the US data.

## 6.5. Measure Reliability

The reliability of the constructs in the proposed research model, namely, learning orientation, prove orientation, process thinking skills, dynamic capabilities, market dynamism and competitive intensity, were examined using Cronbach's alpha score. Note that, as sales, profit and market share growth of export ventures were measured objectively with one question, reliability tests are not applicable to those constructs.

The investigator calculated the Cronbach's alpha coefficient to check the internal consistency of the items. Results of the reliability analysis of the research constructs for both the Turkish and the US data are provided in Table 6.3 and 6.4, respectively.

The table indicates that the Cronbach's alpha coefficient for all measures used in this research is higher than .70. Therefore, all the study measures in both the Turkish and the US data have high internal consistency.

## Table 6.3: Descriptives, Correlations and Reliability Measures for Turkey Data

| Variable | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. | 13. | 14. | 15. | 16. | 17. | 18. | 19. | 20. | 21. | 22. | 23. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Learning orientation | 1 | | | | | | | | | | | | | | | | | | | | | | |
| 2. Prove orientation | .27** | 1 | | | | | | | | | | | | | | | | | | | | | |
| 3. Process thinking skills | .59** | .27** | 1 | | | | | | | | | | | | | | | | | | | | |
| 4. Dynamic capabilities | .31** | .19** | .45** | 1 | | | | | | | | | | | | | | | | | | | |
| 5. Sales growth | .14* | .02 | .15* | .21** | 1 | | | | | | | | | | | | | | | | | | |
| 6. Profit growth | .04 | .01 | .13 | .24** | .73** | 1 | | | | | | | | | | | | | | | | | |
| 7. Market share growth | .14* | .06 | .16* | .25** | .80** | .65** | 1 | | | | | | | | | | | | | | | | |
| 8. Market dynamism | .10 | .08 | .25** | .30** | .08 | .10 | .13* | 1 | | | | | | | | | | | | | | | |
| 9. Competitive intensity | .21** | .15* | .29** | .33** | -.12 | -.10 | -.11 | .34** | 1 | | | | | | | | | | | | | | |
| 10. Manager age (ln) | -.04 | -.09 | .06 | -.07 | .03 | -.07 | -.03 | .01 | -.04 | 1 | | | | | | | | | | | | | |
| 11. Gender | -.05 | -.04 | -.08 | -.06 | .05 | -.00 | .03 | -.13* | -.05 | .10 | 1 | | | | | | | | | | | | |
| 12. Tenure (ln) | .04 | .00 | .00 | -.01 | .04 | -.03 | .02 | -.08 | -.00 | .44** | .00 | 1 | | | | | | | | | | | |
| 13. Position | .06 | -.04 | -.07 | -.16* | .10 | -.03 | .06 | -.10 | -.19** | .27** | .06 | .25** | 1 | | | | | | | | | | |
| 14. Automotive | .05 | .06 | .10 | .02 | -.03 | .06 | -.10 | .02 | .04 | .06 | -.00 | .03 | -.01 | 1 | | | | | | | | | |
| 15. Chemical | .18** | -.00 | .09 | .01 | .06 | .05 | .10 | -.09 | .06 | .01 | -.06 | -.00 | .06 | -.21** | 1 | | | | | | | | |
| 16. Electrical | -.16* | -.09 | -.08 | -.08 | -.00 | -.00 | .01 | -.09 | -.17* | -.10 | .09 | -.02 | -.05 | -.19** | -.21** | 1 | | | | | | | |
| 17. Furniture | -.08 | -.07 | -.05 | .02 | -.04 | -.08 | -.03 | .17* | .02 | -.16* | -.09 | -.25** | -.13 | -.16* | -.18** | -.17* | 1 | | | | | | |
| 18. Textile | -.00 | .04 | .05 | .10 | .01 | .01 | .00 | .08 | .13 | .15* | -.00 | .21** | -.01 | -.25** | -.28** | -.26** | -.22** | 1 | | | | | |
| 19. Agent | .03 | -.00 | .16* | -.00 | -.08 | -.05 | -.02 | .17* | .13 | .03 | -.06 | -.04 | -.13 | .08 | -.07 | -.03 | .07 | .08 | 1 | | | | |
| 20. Overseas distributor | -.00 | .04 | -.01 | -.02 | .11 | .01 | .06 | -.06 | -.09 | -.09 | -.01 | -.20** | .02 | -.14* | .06 | .09 | .00 | -.18** | -.45** | | | | |
| 21. Firm size (ln) | -.01 | .18** | .05 | .07 | .02 | .02 | .09 | .02 | .08 | -.03 | -.04 | .01 | -.27** | -.09 | -.04 | .06 | -.06 | .14* | .04 | .04 | 1 | | |
| 22. Firm age (ln) | .01 | -.02 | -.08 | -.17* | -.01 | -.09 | -.00 | -.15* | -.15* | -.00 | -.10 | .25** | -.06 | .03 | .05 | .14* | -.13* | -.04 | .00 | -.06 | .29** | 1 | |
| 23. Marker item | .02 | .04 | .03 | .09 | .07 | .10 | .06 | .02 | -.07 | -.21** | .48** | -.13 | -.06 | -.07 | -.04 | .20** | -.03 | -.02 | -.02 | .04 | -.02 | -.09 | 1 |
| Mean | 5.77 | 4.60 | 5.75 | 5.29 | 4.36 | 4.09 | 4.11 | 4.34 | 5.15 | 3.59 | 1.79 | 2.58 | .16 | .16 | .19 | .17 | .13 | .25 | .49 | .34 | 5.25 | 3.94 | 3.80 |
| SD | 1.10 | 1.61 | 0.80 | 1.00 | 1.63 | 1.43 | 1.42 | 1.51 | 1.31 | .23 | .40 | .37 | .37 | .37 | .39 | .37 | .33 | .43 | .50 | .47 | .42 | .27 | 2.29 |
| AVE | .68 | .68 | .56 | .57 | - | - | - | .61 | .54 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Alpha | .88 | .86 | .93 | .91 | - | - | - | .83 | .78 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| CR | .86 | .86 | .88 | .82 | - | - | - | .83 | .78 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

** Correlation is significant at the 0.01 level (2-tailed).
* Correlation is significant at the 0.05 level (2-tailed).

## Table 6.4: Descriptives, Correlations and Reliability Measures for the US Data

| | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. | 12. | 13. | 14. | 15. | 16. | 17. | 18. | 19. | 20. | 21. | 22. | 23. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. Learning orientation | 1 | | | | | | | | | | | | | | | | | | | | | | |
| 2. Prove orientation | .47** | 1 | | | | | | | | | | | | | | | | | | | | | |
| 3. Process thinking skills | .71** | .40** | 1 | | | | | | | | | | | | | | | | | | | | |
| 4. Dynamic capabilities | .47** | .21** | .56** | 1 | | | | | | | | | | | | | | | | | | | |
| 5. Sales growth | .16* | .10 | .27** | .17** | 1 | | | | | | | | | | | | | | | | | | |
| 6. Profit growth | .14* | .13 | .19** | .16* | .61** | 1 | | | | | | | | | | | | | | | | | |
| 7. Market share growth | .23** | .13 | .21** | .23** | .58** | .66** | 1 | | | | | | | | | | | | | | | | |
| 8. Market dynamism | .13* | .14* | .15* | .27** | .16* | .20** | .20** | 1 | | | | | | | | | | | | | | | |
| 9. Competitive intensity | .14* | .14* | .14* | .27** | .13* | .06 | .15* | .46** | 1 | | | | | | | | | | | | | | |
| 10. Manager age (ln) | -.02 | -.15* | -.15* | -.10 | -.08 | -.17* | -.12 | -.23** | -.07 | 1 | | | | | | | | | | | | | |
| 11. Gender | -.13* | -.07 | -.03 | -.01 | .02 | -.11 | -.06 | .03 | .08 | .11 | 1 | | | | | | | | | | | | |
| 12. Tenure (ln) | -.05 | -.13 | -.05 | .02 | .06 | -.01 | .06 | .00 | .08 | .37** | .13 | 1 | | | | | | | | | | | |
| 13. Position | -.11 | -.07 | -.03 | .03 | .08 | .01 | .04 | .15* | .19** | -.09 | .14* | .21** | 1 | | | | | | | | | | |
| 14. Automotive | -.04 | .04 | -.01 | .01 | -.04 | -.00 | .06 | .06 | .18** | -.10 | .11 | .08 | .02 | 1 | | | | | | | | | |
| 15. Chemical | .05 | .05 | .00 | .01 | .06 | .03 | .04 | -.08 | -.03 | .10 | -.10 | .04 | -.10 | -.17** | 1 | | | | | | | | |
| 16. Electrical | -.02 | .01 | -.03 | -.16* | .06 | .09 | .01 | .03 | -.08 | .00 | .04 | -.02 | .04 | -.33** | -.21** | 1 | | | | | | | |
| 17. Furniture | .00 | -.05 | .02 | .02 | -.09 | -.08 | -.04 | -.09 | -.07 | .12 | -.07 | -.06 | -.11 | -.15* | -.10 | -.19** | 1 | | | | | | |
| 18. Textile | .03 | -.06 | .05 | .11 | .02 | .00 | -.00 | .03 | .00 | -.05 | -.02 | .05 | .15* | -.28** | -.18** | -.35** | -.16* | 1 | | | | | |
| 19. Agent | -.13 | -.08 | -.05 | -.00 | .04 | .01 | .05 | -.13* | -.06 | -.06 | -.00 | -.01 | .06 | .08 | .09 | -.11 | -.04 | -.02 | 1 | | | | |
| 20. Overseas distributor | .12 | .00 | .10 | .08 | .08 | .04 | .09 | .16* | .12 | -.06 | .07 | .09 | .08 | .04 | -.08 | .03 | -.02 | .01 | -.23** | 1 | | | |
| 21. Firm size (ln) | .09 | .07 | .05 | .19** | .12 | .12 | .09 | .18** | .26** | .01 | .15* | .13* | .01 | .06 | -.10 | .02 | .00 | .00 | -.08 | .14* | 1 | | |
| 22. Firm age (ln) | .07 | -.06 | .01 | -.03 | .15* | .05 | .08 | -.08 | -.10 | -.02 | -.02 | -.01 | -.08 | .01 | .02 | .02 | -.04 | .02 | -.06 | -.02 | -.00 | 1 | |
| 23. Marker item | -.06 | .08 | -.03 | .11 | .08 | .05 | .11 | .13 | .18** | .00 | .25** | .07 | .22** | .12 | -.00 | -.00 | -.06 | -.05 | .08 | .06 | .06 | 0.03 | 1 |
| Mean | 6.01 | 5.57 | 5.84 | 5.56 | 5.28 | 5.17 | 4.96 | 4.92 | 5.05 | 3.66 | 1.47 | 1.90 | .36 | .21 | .10 | .29 | .08 | .23 | .24 | .58 | 4.92 | 2.96 | 3.56 |
| SD | .97 | 1.28 | .86 | 1.12 | 1.36 | 1.37 | 1.35 | 1.39 | 1.25 | .27 | .50 | .84 | .48 | .41 | .30 | .45 | .27 | .42 | .43 | .49 | 1.08 | .88 | 2.14 |
| AVE | .61 | .64 | .57 | .58 | - | - | - | .59 | .50 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Alpha | .82 | .84 | .94 | .93 | - | - | - | .81 | .74 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| CR | .82 | .84 | .86 | .83 | - | - | - | .81 | .74 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

** Correlation is significant at the 0.01 level (2-tailed)

* Correlation is significant at the 0.05 level (2-tailed)

## 6.6. Measurement Invariance Assessment

The investigator used multi-group analysis (Joreskog, 1971) to test the measurement invariance across the Turkish and US samples by following a sequential testing procedure proposed by Steenkamp and Baumgartner (1998). Specifically, configural, metric and scalar invariances were tested for learning orientation, prove orientation, process thinking skills, dynamic capabilities, market dynamism and competitive intensity constructs of the study.

First, the multi-group CFA model, which is also called the baseline model, was estimated to examine configural invariance. In this model, cross-group factor constraint was not imposed (Byrne, 2009). In other words, factor loadings of the constructs across the Turkish and US samples were freed. This baseline model fits the data well ($\chi 2$ (1080) = 1694.877, $p < .00$; CFI = .93; IFI = .93; and RMSEA = .037). This result proves that the study constructs exhibit configural invariance between the two samples.

Second, to test metric invariance across the Turkish and US samples, the investigator constrained all the factor loadings to be invariant across the two samples. The difference in $\chi 2$ from the configural model was not statistically significant ($\Delta\chi 2(26) = 38.757$, $p=.051$). Similarly, the difference in the CFI values met the recommended cut-off criterion of .01 ($\Delta$CFI=.001). This indicates that both samples attribute the same meaning to the latent constructs, confirming the presence of metric invariance across the research samples.

Third, the investigator tested for the scalar invariance by constraining all factor loadings and intercepts to be equal across the Turkish and US data. The difference in $\chi 2$ from the

metric model was not statistically significant ($\Delta\chi2(3) = 1.363$, p=.714). Further, the difference between the CFI values was less than .01 ($\Delta$CFI = .003), supporting the presence of scalar invariance. The summarized results of the measurement invariance test are provided in Table 6.5. Overall, these tests support that cross-country comparison of the Turkish and US measurement models.

**Table 6.5: Model Comparisons for Study Measurements**

| Type of Invariance | $\chi2$ Value | d.f. | $\Delta\chi2$ | CFI | IFI | RMSEA |
|---|---|---|---|---|---|---|
| Configural Invariance | 1694.877 | 1080 | - | .93 | .93 | .037 |
| Metric Invariance | 1733.634 | 1106 | 38.757 | .92 | .92 | .037 |
| Scalar Invariance | 1734.996 | 1109 | 1.363 | .92 | .92 | .037 |

## 6.7. Common Method Bias Check

As discussed in the previous chapter, common method bias should be checked to assure that measures are free from measurement error. The investigator assessed the extent of common method bias in the research questionnaire using two techniques, namely, Harman's single-factor approach and Lindell and Whitney's (2001) partial correlation test. These tests are performed for the Turkish and the US data sequentially.

In the Turkish data, Harman's single-factor test was conducted by performing exploratory factor analysis. Results revealed that seven factors emerged from unrotated factor solutions and the first factor explains only 31.2% of the total variance, which is below the threshold of 50%. Moreover, a partial correlation test was performed using the marker variable of "I like playing football". As seen, this variable is not conceptually associated with any construct in the model tested. Raw correlations were firstly tested for all main

constructs, including the marker variable. Then, partial correlations were calculated controlling for the marker variable. These correlations are reported in Table 6.6. As can be seen from the table, the comparison of the original correlations with the marker variable-adjusted correlations revealed no change in the sign and significance level of any correlation coefficient.

In the US sample, exploratory factor analysis revealed six factors and the first factor explains only 31.2% of the total variance, which is below the threshold of 50%. Moreover, a partial correlation test was performed using the marker variable. Results of both correlation analyses are provided in Table 6.7. Accordingly, the comparison of the original correlations with the marker variable-adjusted correlations revealed that only two of the initially significant correlations became insignificant. Therefore, these two tests give the investigator confidence that common method bias is not likely to be a problem in either the Turkish or the US sample.

**Table 6.6: CMV-Adjusted Construct Inter-correlations for Turkish Sample**

| Variable | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. |
|---|---|---|---|---|---|---|---|---|---|
| 1. Learning orientation | | .275** | .592** | .310** | .143* | .040 | .146* | .107 | .214** |
| 2. Prove orientation | .276** | | .274** | .192** | .020 | .013 | .063 | .086 | .157* |
| 3. Process thinking skills | .592** | .275** | | .452** | .155* | .130 | .163* | .257** | .295** |
| 4. Dynamic capabilities | .311** | .195** | .454** | | .213** | .234** | .250** | .299** | .347** |
| 5. Sales growth | .144* | .023 | .157* | .219** | | .732** | .801** | .080 | -.121 |
| 6. Profit growth | .043 | .017 | .134 | .242** | .733** | | .653** | .099 | -.098 |
| 7. Market share growth | .147* | .066 | .165* | .254** | .802** | .655** | | .136* | -.106 |
| 8. Market dynamism | .107 | .087 | .257** | .300** | .082 | .101 | .138* | | .347** |
| 9. Competitive intensity | .212** | .153* | .292** | .337** | -.126 | -.105 | -.110 | .348** | |
| 10. Marker variable | .024 | .045 | .038 | .096 | .074 | .108 | .067 | .024 | -.072 |

*p < .05 (two-tailed test). **p < .01 (two-tailed test).
CMV-adjusted correlations above the diagonal; original correlations below the diagonal

**Table 6.7: CMV-Adjusted Construct Inter-correlations for the US Sample**

| Variable | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. |
|---|---|---|---|---|---|---|---|---|---|
| 1. Learning orientation | | .486** | .711** | .488** | .166* | .144* | .240** | .150* | .164* |
| 2. Prove orientation | .478** | | .405** | .206** | .097 | .130 | .125 | .135* | .135* |
| 3. Process Thinking skills | .711** | .401** | | .569** | .273** | .193** | .219** | .156* | .148* |
| 4. Dynamic capabilities | .476** | .213** | .562** | | .170** | .164* | .220** | .266** | .258** |
| 5. Sales growth | .160* | .103 | .270** | .178** | | .614** | .578** | .151* | .124 |
| 6. Profit growth | .140* | .134 | .191** | .169* | .615** | | .663** | .202** | .053 |
| 7. Market share growth | .230** | .133 | .214** | .230** | .582** | .664** | | .197** | .132 |
| 8. Market dynamism | .139* | .144* | .150* | .277** | .160* | .207** | .209** | | .449** |
| 9. Competitive intensity | .148* | .147* | .140* | .273** | .137 | .062 | .151* | .462** | |
| 10. Marker variable | -.066 | .080 | -.031 | .112 | .085 | .052 | .114 | .134 | .186** |

*p < .05 (two-tailed test). **p < .01 (two-tailed test).
CMV-adjusted correlations above the diagonal; original correlations below the diagonal

## 6.8. Summary

This chapter has described the statistical procedures followed to check the validity of measures used in the study. Confirmatory factor analyses for both the Turkish and the US data have approved the validity of the measures. Also, the reliability of these measures has been assessed. Further, measurement invariance and common method bias tests have been undertaken to prepare both data for the hypotheses testing which will be mentioned in Chapter Seven.

# Chapter 7  Results of Hypotheses Tests

## 7.1. Introduction

This chapter presents the results of the analyses which were conducted to test the hypotheses formulated in Chapter Three. Structural equation modelling in Amos 24.0 is undertaken to test the seven hypotheses. These hypotheses are composed of direct and moderating relationships. Results are presented for both the Turkish and the US samples.

## 7.2. Structural Model Testing

SEM was used to test the hypothesized relationships. The investigator employed path analysis to test the research model. There are two main reasons for performing a path analysis. Firstly, path analysis offers a remedy when the 5:1 ratio of sample size to number of estimated parameters is not met. Secondly, it is more effective than ordinary least squares because it accounts for measurement error of the constructs. Therefore, the investigator formed a single indicator for each construct by aggregating the scale items (e.g., Jöreskog and Yang 1996).

Interaction terms were created by mean-centering the respective variables. This procedure facilitates interpretation of the interaction terms along with main effects and minimizes multicollinearity. Measurement errors of the constructs were estimated using the formula (1-Alpha)x$SD^2$. Regarding the reliability score of the interaction terms, the investigator used Bornstedt and Marwell's (1978) formula of reliability:

$$r_{xy \cdot xy} = [(r_{xx} \times r_{yy}) + r^2_{xy}]/(1 + r^2_{xy})$$

where $r_{xy \cdot xy}$ is the reliability of the interaction term, $r_{xx}$ and $r_{yy}$ are the reliabilities of the components of the interaction term, and $r^2_{xy}$ is the square of the correlation between the components of the interaction term.

Table 7.1 shows the results of the structural model in terms of the Turkish and US samples. This model contained all direct and moderating effect links and control variables as well. Bakan (1966) states that accepting or rejecting a hypothesis depends on whether the test is one tailed or two tailed. In this study, a two-tailed test has been employed and the assessment of the significance of the results is based on t-test statistic value $t \geq 1.96$ and $p \leq 0.05$ (Sawyer and Peter, 1983). The table exhibits unstandardized loadings, t-values and significance levels for the structural paths. Structural paths are categorized into four, namely, hypothesized paths, direct effect of moderators, interaction effects and control variables.

The results presented in Table 7.1 show that the estimation of the model produced a good fit both to the Turkish data ($\chi 2$=74.02, d.f.=37, p=0.000, IFI=.97, CFI=.97, RMSEA=.070) and the US data ($\chi 2$= 54.01, d.f.=37, p=0.035, IFI=.99, CFI=.99, RMSEA=.047).

## Table 7.1: Structural Model Results

| From | To | Coefficient (t-value) | |
|---|---|---|---|
| | | **Turkey** | **US** |
| **Hypothesized paths** | | | |
| Learning Orientation | Process Thinking | .58 (10.74)* | 1.14 (6.30)* |
| Prove Orientation | Process Thinking | .04 (1.21) | -.19 (-1.91) |
| Process Thinking | Dynamic Capabilities | .50 (5.91)* | .71 (9.47)* |
| Dynamic Capabilities | Sales Growth | .64 (4.75)* | .15 (1.59) |
| Dynamic Capabilities | Profit Growth | .55 (4.71)* | .20 (1.97)* |
| Dynamic Capabilities | Market Share Growth | .57 (4.93)* | .22 (2.32)* |
| **Direct effects of moderators** | | | |
| Market Dynamism | Sales Growth | .16 (1.47) | .10 (.91) |
| Market Dynamism | Profit Growth | .15 (1.55) | .30 (2.53)* |
| Market Dynamism | Market Share Growth | .19 (2.00)* | .20 (1.74) |
| Competitive Intensity | Sales Growth | -.51 (-3.65)* | .11 (.77) |
| Competitive Intensity | Profit Growth | -.46 (-3.79)* | -.21 (-1.41) |
| Competitive Intensity | Market Share Growth | -.44 (-3.63)* | .02 (.15) |
| **Interaction effects** | | | |
| Learning Orientation x Prove Orientation | Process Thinking | .16 (4.67)* | .24 (2.43)* |
| Dynamic Capabilities x Market Dynamism | Sales Growth | .21 (2.09)* | -.06 (-.51) |
| Dynamic Capabilities x Market Dynamism | Profit Growth | .20 (2.23)* | .04 (.30) |
| Dynamic Capabilities x Market Dynamism | Market Share Growth | .08 (0.97) | -.09 (-.70) |
| Dynamic Capabilities x Competitive Intensity | Sales Growth | .14 (1.14) | .01 (.03) |
| Dynamic Capabilities x Competitive Intensity | Profit Growth | .09 (.87) | -.04 (-.26) |
| Dynamic Capabilities x Competitive Intensity | Market Share Growth | .16 (1.58) | .07 (.48) |

**Table 7.1. Structural Model Results Cont…**

| From | To | Coefficient (t-value) | |
|---|---|---|---|
| | | Turkey | US |
| **Hypothesized paths** | | | |
| **Controls** | | | |
| Age (ln) | Process Thinking | .33 (1.56) | -.54 (-2.67)* |
| Gender | Process Thinking | -.11 (-1.06) | .29 (2.51)* |
| Position | Process Thinking | -.07 (-.53) | .07 (.67) |
| Tenure (ln) | Process Thinking | -.17 (-1.32) | -.03 (-.44) |
| Industry 1 (Automotive) | Process Thinking | .42 (2.45)* | .15 (.71) |
| Industry 2 (Chemicals) | Process Thinking | .29 (1.71) | .26 (1.05) |
| Industry 3 (Electricals) | Process Thinking | .42 (2.42)* | .16 (.78) |
| Industry 4 (Forestry) | Process Thinking | .30 (1.61) | .26 (1.06) |
| Industry 5 (Textile) | Process Thinking | .32 (1.94) | .14 (.65) |
| Tenure (ln) | Dynamic Capabilities | .00 (.02) | .05 (.75) |
| Industry 1 (Automotive) | Dynamic Capabilities | .01 (.04) | -.40 (-1.57) |
| Industry 2 (Chemicals) | Dynamic Capabilities | .02 (.09) | -.26 (-.90) |
| Industry 3 (Electricals) | Dynamic Capabilities | .09 (.36) | -.59 (-2.39)* |
| Industry 4 (Forestry) | Dynamic Capabilities | .09 (.33) | -.20 (-.65) |
| Industry 5 (Textile) | Dynamic Capabilities | .11 (.45) | -.20 (-.80) |
| Market Dynamism | Dynamic Capabilities | .10 (1.82) | .14 (1.79) |
| Competitive Intensity | Dynamic Capabilities | .17 (2.39)* | .10 (1.08) |
| Agent | Dynamic Capabilities | -.33 (-2.38)* | .14 (.97) |
| Overseas Distributor | Dynamic Capabilities | -.13 (-.89) | -.02 (-.16) |
| Firm Size (ln) | Dynamic Capabilities | .14 (.94) | .11 (1.82) |
| Firm Age (ln) | Dynamic Capabilities | -.38 (-1.53) | -.01 (-.07) |
| Tenure (ln) | Sales Growth | .39 (1.23) | .07 (.63) |
| Industry 1 (Automotive) | Sales Growth | .16 (.35) | -.13 (-.34) |
| Industry 2 (Chemicals) | Sales Growth | .60 (1.36) | .43 (1.01) |
| Industry 3 (Electricals) | Sales Growth | .19 (.43) | .31 (.83) |
| Industry 4 (Forestry) | Sales Growth | .21 (.42) | -.24 (-.52) |
| Industry 5 (Textile) | Sales Growth | .27 (.63) | .13 (.35) |
| Agent | Sales Growth | .04 (.16) | .28 (1.26) |
| Overseas Distributor | Sales Growth | .49 (1.80) | .17 (.88) |
| Firm Size (ln) | Sales Growth | .19 (.69) | .07 (.76) |
| Firm Age (ln) | Sales Growth | -.10 (-.23) | .27 (2.64)* |

**Table 7.1. Structural Model Results Cont…**

| From | To | Coefficient (t-value) | |
|---|---|---|---|
| | | Turkey | US |
| **Hypothesized paths** | | | |
| **Controls** | | | |
| Tenure (ln) | Profit Growth | -.02 (-.09) | -.06 (-.50) |
| Industry 1 (Automotive) | Profit Growth | .76 (1.91) | .60 (1.50) |
| Industry 2 (Chemicals) | Profit Growth | .86 (2.25)* | .82 (1.86) |
| Industry 3 (Electricals) | Profit Growth | .56 (1.45) | .80 (2.11)* |
| Industry 4 (Forestry) | Profit Growth | .23 (.54) | .26 (.57) |
| Industry 5 (Textile) | Profit Growth | .58 (1.53) | .54 (1.40) |
| Agent | Profit Growth | -.07 (-.32) | .19 (.86) |
| Overseas Distributor | Profit Growth | .10 (.41) | .01 (.06) |
| Firm Size (ln) | Profit Growth | .25 (1.06) | .13 (1.41) |
| Firm Age (ln) | Profit Growth | -.58 (-1.47) | .08 (.78) |
| Tenure (ln) | Market Share Growth | .25 (.91) | .06 (.59) |
| Industry 1 (Automotive) | Market Share Growth | -.32 (-.82) | .50 (1.31) |
| Industry 2 (Chemicals) | Market Share Growth | .48 (1.29) | .69 (1.64) |
| Industry 3 (Electricals) | Market Share Growth | .03 (.09) | .54 (1.48) |
| Industry 4 (Forestry) | Market Share Growth | -.09 (-.22) | .38 (.84) |
| Industry 5 (Textile) | Market Share Growth | .06 (-.16) | .38 (1.02) |
| Agent | Market Share Growth | .13 (.60) | .34 (1.55) |
| Overseas Distributor | Market Share Growth | .20 (.84) | .17 (.90) |
| Firm Size (ln) | Market Share Growth | .37 (1.56) | .01 (.09) |
| Firm Age (ln) | Market Share Growth | -.09 (-.24) | .18 (1.76) |

Turkey: $\chi 2$= 74.02, d.f.=37, p=.000, IFI=.97, CFI=.97, RMSEA=.070

US: $\chi 2$= 54.01, d.f.=37, p=0.035, IFI=.99, CFI=.99, RMSEA=.047

**$p$ <0 .05.

### 7.2.1. Direct Effects

H1 predicts that there is a positive relationship between learning orientation and process thinking skills. Table 7.1 shows that, in the Turkish sample, the coefficient of learning orientation is significant and positive ($b=.58$, $t=10.74$, $p<0.05$). Likewise, for the US sample, the corresponding coefficient is also significant and positive ($b=1.14$, $t=6.30$, $p<0.05$). Therefore, H1 is supported for both the Turkish and the US samples.

H2 suggests that prove orientation positively influences process thinking skills. The results fail to provide evidence to support this claim either in the Turkish ($b=.04$, $t=1.21$, $p>0.05$) or the US sample ($b=-.19$, $t=-1.91$, $p>0.05$). So, H2 is rejected in both samples.

H4 states that process thinking skills positively influence dynamic capabilities. The results support this hypothesis for both the Turkish ($b=.50$, $t=5.91$, $p<0.05$) and the US samples ($b=.71$, $t=9.47$, $p<0.05$).

H5 states that dynamic capabilities have positive effects on the sales growth (H5a), profit growth (H5b) and market share growth (H5c). In the Turkish sample, the coefficient of dynamic capabilities is significant for sales growth ($b=.64$, $t=4.75$, $p<0.05$), profit growth ($b=.55$, $t=4.71$, $p<0.05$) and market share growth ($b=.56$, $t=4.93$, $p<0.05$). These results support H5a, H5b and H5c in the Turkish sample. In the US sample, while the coefficient of dynamic capabilities is insignificant for sales growth ($b=.15$, $t=1.59$, $p>0.05$), it is significant for profit growth ($b=.20$, $t=1.97$, $p<0.05$) and market share growth ($b=.22$, $t=2.32$, $p<0.05$). Therefore, H5b and H5c are accepted and H5a is rejected in the US sample.

### 7.2.2. Moderating Effects

H3 states that prove orientation strengthens the relationship between learning orientation and process thinking skills. The results confirm this hypothesis for both the Turkish ($b=.16$, $t=4.67$, $p<0.05$) and the US samples ($b=.24$, $t=2.43$, $p<0.05$). This significant moderation is graphed in Figures 7.1 and 7.2 for the Turkish and US samples, respectively. The graphs clearly show that learning orientation better influences process thinking skills in the case of higher prove orientation in both the Turkish and the US samples.

The investigator also proposed that market dynamism strengthens the relationship between dynamic capabilities and sales growth (H6a), profit growth (H6b) and market share growth (H6c). In the Turkish sample, market dynamism significantly moderates the relationship between dynamic capabilities and sales growth ($b=.21$, $t=2.09$, $p<0.05$) and profit growth ($b=.20$, $t=2.23$, $p<0.05$), confirming H6a and H6b, respectively. Figures 7.3 and 7.4 graph these significant moderations exhibit that dynamic capabilities in higher dynamic environments lead to better sales growth and profit growth. Nevertheless, no significant moderating role of market dynamism is found on the link between dynamic capabilities and market share growth ($b=.08$, $t=.97$, $p>0.05$), rejecting H6c. In the US sample, however, the results provide no support for H6. More specifically, market dynamism does not significantly moderate the relationship between dynamic capabilities and sales growth ($b=-.06$, $t=-.51$, $p>0.05$), profit growth ($b=.04$, $t=.30$, $p>0.05$) or market share growth ($b=-.09$, $t=-.70$, $p>0.05$).

It was also hypothesized that competitive intensity strengthens the relationship between dynamic capabilities and sales growth (H7a), profit growth (H7b) and market share growth (H7c). In the Turkish sample, no support is found for the moderating role of

competitive intensity in the relationship between dynamic capabilities and sales growth (b=.43, t=1.14, p>0.05) and profit growth (b=.09, t=0.87, p>0.05) and market share growth (b=.16, t=1.58, p>0.05). Similarly, in the US sample, no support is found for the moderating role of competitive intensity in the relationship between dynamic capabilities and sales growth (b=.01, t=.03, p>0.05), profit growth (b=-.04, t=-.26, p>0.05) or market share growth (b=.07, t=.48, p>0.05). Taken together, H7 is rejected in both samples. Table 7.2 provides a summary of the proposed research hypotheses.

### 7.2.3. Control Variables

As previously mentioned, the investigator included various control variables in the study considering that they might influence the dependent variables, namely, process thinking skills, dynamic capabilities and export venture growth. Regarding the process thinking skills, in the Turkish sample, only automotive (b=.42, t=2.45, p<0.05) and electricals (b=.42, t=2.42, p<0.05) industries have a significant impact on the process thinking skills. In the US sample, only participant's age (b=-.54, t=-2.67, p<0.05) and gender (b=.29, t=2.51, p<0.05) significantly influence the process thinking skills.

Concerning dynamic capabilities, in the Turkish sample, only competitive intensity (b=.17, t=2.39, p<0.05) and agent type of distribution (b=-.33, t=-2.38, p<0.05) significantly influence dynamic capabilities. In the US sample, only electricals industry (b=-.59, t=-2.39, p<0.05) significantly affects dynamic capabilities.

With regards to export venture growth, in the Turkish sample, only chemicals industry (b=.86, t=2.25, p<0.05) has an influence on profit growth. In the US sample, firm age

(b=.27, t=2.64, p<0.05) and electricals industry (b=.80, t=2.11, p<0.05) have a significant impact on sales growth and profit growth, respectively.

**Table 7.2: Summary of Hypotheses**

| **Hypotheses** | **Status** | |
|---|---|---|
| | **TR** | **US** |
| H1. Learning orientation → Process thinking skills | Support | Support |
| H2. Prove orientation → Process thinking skills | No support | No support |
| H3. Learning Orientation X Prove orientation → Process thinking skills | Support | Support |
| H4. Process thinking skills → Dynamic capabilities | Support | Support |
| H5a. Dynamic capabilities → Sales growth | Support | No support |
| H5b. Dynamic capabilities → Profit growth | Support | Support |
| H5c. Dynamic capabilities → Market share growth | Support | Support |
| H6a. Dynamic capabilities X Market dynamism → Sales growth | Support | No support |
| H6b. Dynamic capabilities X Market dynamism → Profit growth | Support | No support |
| H6c. Dynamic capabilities X Market dynamism → Market share growth | No support | No support |
| H7a. Dynamic capabilities X Competitive intensity → Sales growth | No support | No support |
| H7b. Dynamic capabilities X Competitive intensity → Profit growth | No support | No support |
| H7c. Dynamic capabilities X Competitive intensity → Market share growth | No support | No support |

**Figure 7.1: Impact of Prove Orientation on the Learning Orientation- Process Thinking Skills Link in Turkish Sample**

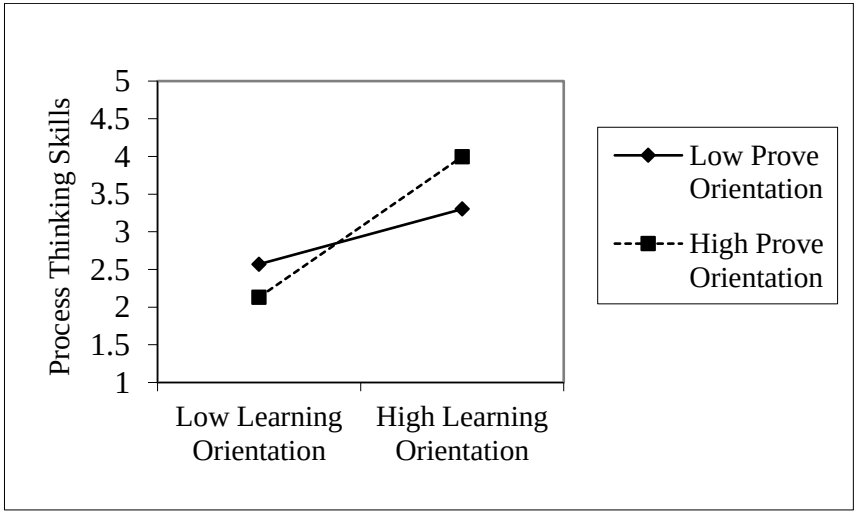



**Figure 7.2: Impact of Prove Orientation on the Learning Orientation- Process Thinking Skills Link in the US Sample**

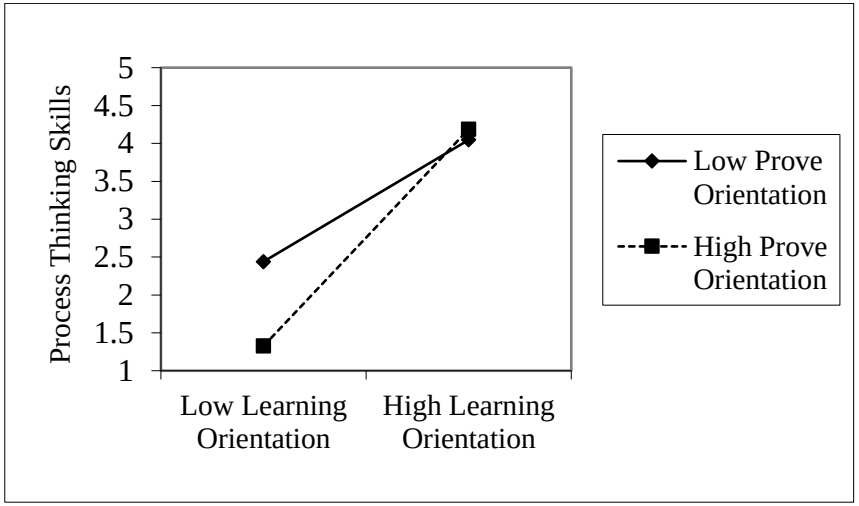


**Figure 7.3: Impact of Market Dynamism on the Dynamic Capability – Sales Growth Link in Turkish Sample**

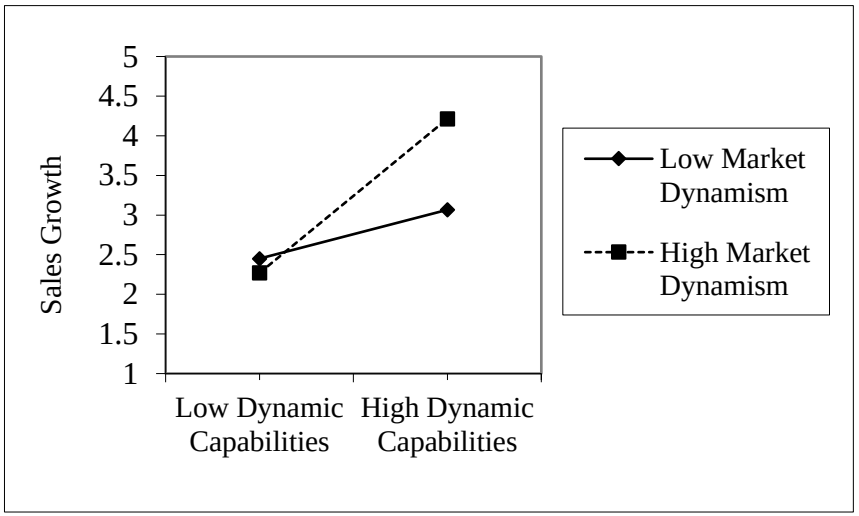
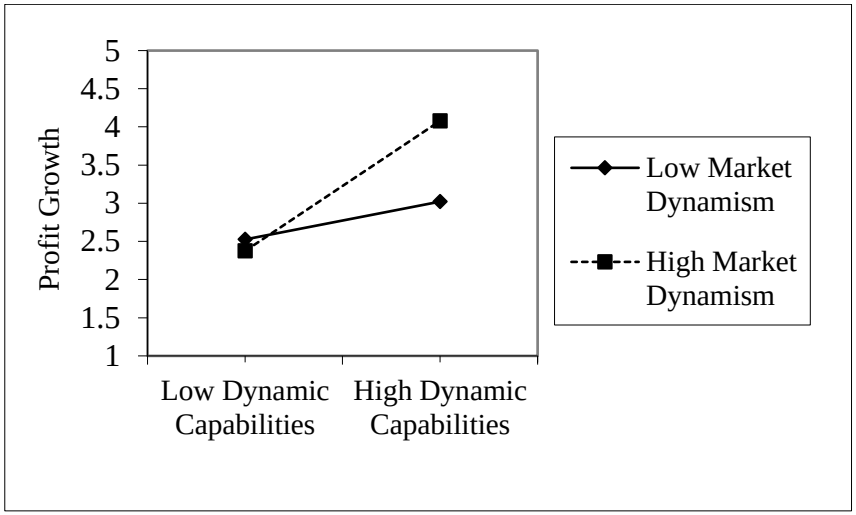



**Figure 7.4: Impact of Market Dynamism on the Dynamic Capability – Profit Growth Link in Turkish Sample**



### 7.3. Summary

This chapter has presented the findings of hypothesis testing with the output from the structural equation models. A total of four main effects and three moderating effects have been examined across the Turkish and US samples. According to the results, in the Turkish sample, eight of the 13 hypothesized links have been supported. With regard to the US sample, five hypothesized links out of the 13 have been supported. In the following chapter, the investigator will evaluate the empirical research findings by referring to the previous research. Further theoretical and managerial limitations will be provided. Also, the limitations of the study will be discussed along with the recommendations for future research.

# Chapter 8 Discussion, Implications and Limitations

## 8.1. Introduction

This final chapter mainly highlights the empirical findings of this investigation in accordance with relevant research and theories previously applied in the marketing field. Specifically, the investigator first discusses the study findings along with the previous research. The chapter continues with the theoretical and managerial implications. That is, the investigator provides various theoretical implications. Subsequently, implications for the exporters are mentioned to help them increase their growth in export venture markets. Finally, limitations of the study are considered and directions for future research in this field are provided.

## 8.2. Discussion of Findings

Drawing from the microfoundations approach, resource-based view and dynamic capabilities approach, the investigator proposed a model of drivers and performance outcomes of dynamic capabilities that was tested in a longitudinal study using a sample of export manufacturers in Turkey and the US. The investigator developed four hypotheses that exhibited direct effects and three hypotheses that claimed moderator effects. The study provides differing results across the Turkish and US samples. The findings of the study are discussed in relation to previous work and findings reported in the literature. The investigator has organized the discussion of the empirical findings into separate sub-sections as follows: antecedents of dynamic capabilities, growth outcomes of dynamic capabilities, and role of market dynamism and competitive intensity.

### 8.2.1. Antecedents of Dynamic Capabilities

Goal orientation theorists state that differences in goal orientation influence the nature and quality of skill acquisition and generalization (Dweck, 1986; Stevens and Gist, 1997). Building upon this discussion, the investigator formulated H1 and H2 in support of the argument that a managers' learning (H1) and prove (H2) orientations positively influence their process thinking skills.

The results provide support for the positive link between learning orientation and process thinking skills across both samples. This is because, when managers are learning-oriented, they are open to challenging tasks. They believe that skills are malleable, they would like to learn new things and develop their competences. Therefore, In line with incremental theory, managers with high learning orientation employ high process thinking skills. These results provide support for the previous theoretical suggestions developed by Dweck (1986) and Dweck and Leggett (1988).

Concerning the role of prove orientation in the achievement of process thinking skills, the results were quite unexpected. Contrary to the formulated hypothesis, findings yielded an insignificant effect over process thinking skills across both samples. More specifically, the results show that prove orientation does not have a significant impact on process thinking skills in either sample. A possible explanation might come from the theoretical claim that prove-oriented individuals hold an entity theory about their abilities (Dweck and Leggett, 1988). This theory claims that ability is fixed and uncontrollable. So, it is not possible to develop new competences (VandeWalle, 1997). Further, as data were collected from SMEs, it is quite likely that there are few other employees in informants'

positions. Thus, informants of the study may not desire to prove their achievements in their workplaces.

The present results empirically demonstrate a conditional effect of prove orientation on the relationship between learning orientation and process thinking skills in the Turkish and US samples (H3). Specifically, the results show that, when a manager's prove orientation is higher, the positive impact of the learning orientation on the manager's process thinking skills becomes stronger. A theoretical explanation is that when employees desire to prove their skills to others, they tend to work hard.

In order to examine the effect of process thinking skills on dynamic capabilities, H4 was formed. It was posited that, when managers have high process thinking skills, they can deal with changes in the environment. They can modify processes, and address the needs in the process implementation and improvement situations. Thus, it was hypothesized that process thinking skills positively affect dynamic capabilities. In line with microfoundations notion, the results of the analysis confirm the significant relationship between process thinking skills and dynamic capabilities both in the Turkish and the US sample. This finding is fully consistent with the existing theoretical knowledge (Teece, 2007; Agwunobi and Osborne, 2016; Rothaermel and Hess, 2007; Nieves and Haller, 2014).

### 8.2.2. Growth Outcomes of Dynamic Capabilities

Based upon the resource-based view and dynamic capabilities approach literature, the investigator hypothesized that there is a positive relationship between dynamic capabilities and three aspects of export venture growth, namely, sales (H5a), profit, (H5b)

and market share (H5c). The evidence cited in this study reveals a strong effect of dynamic capabilities on all aspects of export venture growth in the Turkish sample. These results are consistent with findings of the empirical studies that examined the performance implications of dynamic capabilities (Kaleka, 2012; Villar et al., 2014; Morgan et al., 2009). Regarding the US sample, the results show that, while dynamic capabilities are not significantly associated with sales growth, they have a significant effect on profit and market share growth. The absence of a significant relationship between dynamic capabilities and sales growth in the US sample is surprising, considering theoretical claims as well as empirical findings that propose a positive association between the two (Villar et al., 2014).

### 8.2.3. Moderating Effects of Market Dynamism and Competitive Intensity

Contingency theory states that the environmental conditions in which a firm operates are critical determinants of the returns to capability investments (Feng et al., 2017). Likewise, dynamic capability theorists necessarily use the environment as a key factor to explain the value of these capabilities (e.g., Teece and Pisano, 1994; Teece et al., 1997). Within the context of exporting, the role of the external environment is important for export venture firms to survive and success (Morgan et al., 2012). Exporters concurrently operate in several markets with different conditions. In order to coordinate and adapt their activities effectively, they need to consider the changing conditions in these markets. Therefore, the present results empirically demonstrate under which conditions dynamic capabilities have a stronger impact on three aspects of export venture growth. To be more specific, the levels of market dynamism and competitive intensity were proposed as moderators on this relationship.

Firstly, the investigator hypothesized that the impact of dynamic capabilities on all three aspects of export venture growth is boosted by market dynamism. In the Turkish sample, the results show that, while market dynamism significantly moderates the effect of dynamic capabilities on sales and profit growth, its moderating effect on the relationship between dynamic capabilities and market share growth is insignificant. The findings that market dynamism positively moderates both the dynamic capabilities-sales growth and dynamic capabilities-profit growth are fully consistent with results of previous empirical studies on the subject (e.g., Zahra, Sapienza and Davidson, 2006; Pavlou and El Sawy, 2011). However, the present findings are inconsistent with empirical evidence offered by the study of Ringov (2017) showing that environmental dynamism weakens the contribution of dynamic capabilities to firm performance. The absence of an insignificant moderating effect of market dynamism on the dynamic capabilities-market share growth is surprising. A possible explanation for this contradictory finding may arise from the logic that Turkish exporters run their domestic activities in an emerging market, which is very volatile in nature. Therefore, they may be experienced to sustain their share in the export venture market regardless of the degree of dynamism.

In the US sample, somewhat surprisingly, market dynamism does not moderate the impact of dynamic capabilities on any of the three aspects of export venture growth. This finding appears to be inconsistent with the previous studies (e.g., Zahra et al., 2006; Pavlou and El Sawy, 2011). Yet, as mentioned in Chapter Three, these findings are in line with many studies that empirically found an insignificant moderating role of market dynamism on the related link (Drnevich and Kriauciunas, 2011; Wang et al., 2015; Ritter et al., 2018). In general, the results indicate that, while market dynamism partly moderates the dynamic capability-growth relationship in the Turkish sample, this moderation does

not exist in the US sample. This could be because exporters in a developed economy know how to deal with changing market conditions in their domestic activities. As such, the dynamism in the export venture market may not influence the need of dynamic capabilities in the generation of growth. What is more, these differing findings across two samples emphasizes the risk of generalizing the results from single-context samples and the importance of cross-national study.

Concerning the moderating role of competitive intensity, the present study provides insignificant findings in both the Turkish and the US samples. More specifically, competitive intensity does not have a significant moderating role on the dynamic capabilities-export venture growth link in either sample. This could be explained based on the logic that small firms' export activities are constrained by managerial/financial resources as well as foreign market expertize (Brouthers et al., 2009). They may not be quicker at providing more product offerings to customers than their rivals. Further, as exporters usually know who their rivals are in the export venture market (Spyropoulou et al., 2018), high competition may not boost the impact of competitive intensity on their export venture growth.

## 8.3. Implications

The results of this empirical study can be beneficial for academic researchers and export managers. Therefore, the study's theoretical and practical implications are presented below.

### 8.3.1. Theoretical Implications

Research in exporting has come a long way in the last 30 years. Given the diversity of findings in the extant literature, this study aimed to expand the understanding of microfoundations and growth outcomes of dynamic capabilities in export venture operations. In other words, the present study has several theoretical implications for export venture research with respect to (1) how specific managerial resources and skills affect dynamic capabilities; (2) the importance of dynamic capabilities in exporting and their impact on export venture growth; (3) how market dynamism and competitive intensity influence the connections between dynamic capabilities and different aspects of export venture growth; and (4) empirical analysis of the proposed model across export manufacturing SMEs in an emerging economy (Turkey) and an advanced economy (the US).

First of all, by empirically examining the role of dynamic capabilities in export venture growth, this study adds to an emerging stream of research on dynamic capabilities in international marketing. Moreover, the results provide new insights into the microfoundations of dynamic capabilities by showing the contribution of process thinking skills to dynamic capabilities. To the best of the author's knowledge, the present study is the first to assess the role of manager's learning and prove orientation and process thinking skills in dynamic capabilities.

Further, this study sheds light on the debate over the dynamic capability-performance link. Drawing from previous international marketing studies, the investigator suggests that the connection between dynamic capabilities and export venture performance needs re-thinking and extension. As a contribution to theory, this study presents the conditions

under which dynamic capabilities become more closely related to three aspects of export venture growth. This empirical research reveals that, in the Turkish sample, market dynamism positively moderates the links between dynamic capabilities and two aspects of export venture growth, namely, sales and profit. More specifically, in the case of high market unpredictability, the contribution of dynamic capabilities to the sales and profit growth of exporters is enhanced. In the advanced economy market, the US, market dynamism has no significant effect on dynamic capabilities-export venture growth.

Finally, by testing the conceptual model on export manufacturing SMEs from an emerging market (Turkey) and a developed market (the US), this study provides further clarifications regarding the nature, drivers and importance of dynamic capabilities in different markets. The empirical findings suggest that managerial skills and resources both affect dynamic capabilities in export manufacturers of emerging and advanced economies. In both markets, dynamic capabilities influence both profit and market share growth. On the other hand, market dynamism enhances the impact of dynamic capabilities on sales and profit growth only in an emerging market. Therefore, the role of environmental factors differs in emerging and developed markets.

### 8.3.2. Managerial Implications

The findings of the present study offer some guiding principles for business practitioners in export manufacturing SMEs that aim to achieve high growth in export venture markets. Firstly, this study has established that the dynamic capabilities of export manufacturers are driven by managerial resources and skills. Hence, the findings of this research assist business practitioners in identifying a broad range of issues that need to be taken into consideration when creating dynamic capabilities. More specifically, the empirical

findings show that managers' learning orientation positively affects their process thinking skills. Therefore, managers should clearly appreciate that, when they motivate themselves to learn new things and gain new competences, their process thinking skills would be enhanced.

Moreover, the study findings highlight the importance of process thinking skills in possessing dynamic capabilities in export venture markets across Turkish and US exporters. Therefore, in order to achieve dynamic capabilities in export venture markets, managers in exporting companies should pay attention to the deployment of process thinking skills. They are advised to develop their skills in implementing and improving the processes in the export venture operations. They should be encouraged to be open to changes. Export manufacturing firms should arrange training programs for their managers to develop their skills. They are strongly advised to take employees' goal orientations and process thinking skills into consideration in personnel selection and team membership composition (VandeWalle, 2001).

Besides, this study has demonstrated that dynamic capabilities help exporters generate high levels of sales, profit and market share growth in foreign markets for the Turkish exporters and profit and market share growth for the US exporters. Thus, managers are advised to seek to build and maintain strong dynamic capabilities to maximize their firms' ability to grow in export venture markets. Export managers are advised to constantly examine the export venture market, and capture the opportunities by employing necessary investments and business models. They are also advised to transform their business models and processes to address the changes in marketplaces.

Additionally, to best improve export venture growth, managers of export manufacturing SMEs in emerging economies are advised to pay careful attention to the varying environmental conditions that they face in export venture markets. They may consider market dynamism as a criterion in selecting which export markets to target. Specifically, the findings of this research reveal that, in the Turkish sample, market dynamism strengthens the impact of dynamic capabilities on sales and profit growth in export venture markets. Therefore, exporters from emerging economies need to monitor the unpredictability of the export venture environment. As changes in the marketplace brings new opportunities, ventures with strong dynamic capabilities should be ready to capture these opportunities and increase their growth.

## 8.4. Limitations and Directions for Future Research

The investigator believes that the proposed model is credible and firmly grounded in theory and practice. Indeed, the model was tested using reliable survey instruments and data. Nevertheless, some limitations and unanswered questions must be addressed. In addition, the limitations presented below can also serve as directions for future research. First, the investigator conducted this study within a context of export manufacturing SMEs in Turkey and the US. Strictly speaking, the present findings are limited to the operations of Turkish and US export manufacturing SMEs. Therefore, replication of the conceptual model in other geographical, cultural and internationalization settings would enhance the generalizability of the findings.

Second, similar considerations can be made about the industrial sectors that have been examined in this study. Specifically, the study results are based upon six industrial sectors, namely, textile and apparel, chemicals and chemical products, automotive,

forestry and furniture, agricultural, and electrical products industries. Therefore, the present research findings should be carefully applied to other industries, especially industrial sectors that are totally different. Also, the conceptual model of the present study should be tested in other industrial sectors to increase the extent of generalization.

Third, despite the fact that there was a one-year time lag between dynamic capabilities and export venture growth, it would be worthwhile in the future to collect data of managerial antecedents and dynamic capabilities at different points of time. This would strengthen the causality of the proposed relationships.

Fourth, findings of the present study are limited to aggregate-level process thinking and dynamic capabilities. Specifically, no attention has been given in the study to the specific dimensions of process thinking skills (implementation and improve) and dynamic capabilities (sensing, seizing, and reconfiguring). As these concepts are still largely unexplored, they should be motivations of future studies.

Fifth, future researchers may employ a social comparison theory to explain the determinants of export managers' process thinking skills. According to this theory, employees have a fundamental desire to compare themselves to others in the workplace (Festinger, 1954). This desire drives their attitudes, aspirations, and behaviors in the workplace (Wood, 1989). Hence, this comparison may cause them to develop their skills.

Sixth, even though the investigator employed vigorous procedures in identifying appropriate informants and ensured their competency in answering the questionnaire, the use of a single key informant is a problem. Therefore, it would be valuable to collect data

from multiple key informants in each company. For example, collecting data on growth from finance managers would increase the quality of the research.

Seventh, the investigator has focused on the market dynamism and competitive intensity aspects of environmental conditions on the export venture markets. No attention has been given to the relevance and importance of munificence on the export venture markets. Hart and Banbury (1994) claim that munificence would be a significant determinant of sustainable growth in a marketplace. Therefore, a future extension of the current study would be the examination of the role of munificence in generation of growth in export venture markets.

Eighth, the focus of this study was on exporting as a type of internationalization. No attention has been given in this research to other ways in which companies expand their international involvement. Therefore, an interesting avenue for future research would be to examine the conceptual model of the present research in other forms of foreign market entry, such as joint ventures, licensing, franchising, etc.

Finally, data were collected both from B2B and B2C export venture markets. B2C markets, by their nature, are usually more competitive. Thus, the control of market type would help researchers increase the generalizability of the findings.

### 8.5. Summary

This final chapter has discussed the main findings of this study in conjunction with the current body of literature, and drawn concluding remarks. It has also outlined the valuable theoretical and managerial implications of the study results. Lastly, the investigator has

presented the limitations of the present study and provided some valuable suggestions for future investigations in the international marketing area.

As a concluding remark, it is important to note that, while there has been a surge of studies on exporting over the last 30 years, this stream of research is still growing. By examining managerial antecedents and growth outcomes of dynamic capabilities in export ventures, this thesis has provided theoretically grounded contributions and improved understanding on this significant area of international marketing.

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