

**TITLE PAGE**

**Cultural Intelligence and Relationship Quality in Export Market Ventures in Ghana**

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**MANUSCRIPT**

**Cultural Intelligence and Relationship Quality in Export Market Ventures in Ghana**

**Abstract.**

**BACKGROUND:** Although research on SMEs has shown that various internal and external factors are important for export performance, some scholars argue that for African SMEs, internal factors play a more critical role than external factors. This study examines the relationships between managerial cultural intelligence, relationship quality and export performance of SMEs in Ghana.

**OBJECTIVE:** The purpose of this study was to examine the contribution of SME owner/managers' cultural intelligence to the quality of relationships of the firms, and whether the relationship quality is related to export performance.

**METHODS:** A self-administered questionnaire survey was used to collect data from 145 SMEs in Ghana. Structural equation modelling was used to test the research hypotheses.

**RESULTS:** The results indicated that the CQ of the owner/manager has an impact on both the local and foreign relationship quality of the firm. Furthermore, foreign relationships were found to play a significant role in the export performance of SMEs. However, the quality of the local relationships did not have a significant effect on export performance.

**CONCLUSIONS:** This research has shown that the CQ of owners and managers and the quality of relationships play an important role in the international performance of SMEs.

Keywords: cultural intelligence, relationship quality, export performance, SMEs, Ghana

## **1 Introduction**

The characteristics of the manager/owner are an important determinant of the performance of small firms and have a direct impact on all aspects of business operations, both at the national and international levels. In particular, previous research has demonstrated the crucial role of managers as decision-makers in the international business activities of SMEs [1]. Given the increasing cross-border business activities and the challenges of cross-cultural management, SME managers need not only to know and understand the nature of international business but also to have specialized capabilities to operate successfully in a complex international environment [2]. Cultural intelligence [3] is one of the key managerial capabilities that contribute to the success of SMEs in the international business environment [4].

Cultural intelligence (CQ), defined as a set of abilities that help an individual to function successfully in an intercultural environment [3], is seen as an important managerial capability for firms wishing to succeed in an increasingly globalized business world. Managers can successfully navigate the challenges of international business [5] because CQ enables them to understand and respect different cultural norms, beliefs, and behaviors. Tailored for the intercultural environment, CQ makes a significant contribution to intercultural communication, ultimately making it meaningful; facilitates successful negotiations; and builds trust between partners and customers from different cultural backgrounds [6]. As such, CQ is critical for collaborative activities that can help SMEs, especially in developing countries, to overcome the challenges they face when doing business internationally. Collaborative activities, which are almost commonplace, cover the formal and informal relationships that small firms develop with different stakeholders such as customers, distributors, suppliers, and competitors [7]. This is

important because the networking that results from these relationships is a unique source of information for SMEs and contributes to their internationalization [8].

Previous studies have attempted to examine the impact of CQ on SMEs' internationalization efforts. Considering that this study focuses on SMEs in Ghana, it is important to note that there are some identified gaps. The limited number of empirical studies conducted in developed economies [9,10] makes it unclear how and why managerial CQ could affect the international performance of SMEs, particularly in an emerging economy. Although empirical research on this topic is increasing in some emerging economies [4,6,11–13], scholars emphasize that more research is needed in developing economies, such as countries on the African continent [14]. It is apparent that findings from studies of SME internationalization in developed economies are often generalized to inform policy. However, these findings may not be applicable to small firms operating in African countries. In particular, researchers argue that internal rather than external factors, such as limited managerial and intercultural capabilities, are more likely to contribute to the challenges faced by African SMEs in internationalizing [14,15].

Therefore, to address these issues and improve our understanding of SMEs' export performance in a developing economy, this study examines the relationships between managerial cultural intelligence, relationship quality, and export performance in SMEs in Ghana. Based on a strong theoretical foundation that combines upper-echelons theory [16,17] and a networking approach, this study proposes and evaluates an integrated model that simultaneously examines the effect of managerial cultural intelligence on relationship quality and the effect of relationship quality on the export performance of SMEs. Accordingly, the research model shown in Figure 1 was tested in this study. This study of Ghanaian SME exporters aims to contribute to the relevant literature by demonstrating how managerial capabilities such as CQ can influence the export

performance of small firms; by identifying the factors that contribute to the internationalization of small firms in developing economies, especially in African countries; and by drawing the attention of both researchers and practitioners to these factors that contribute to export performance.

This study is structured as follows. The next section reviews relevant theory and previous research to establish the relationships among our key variables within the conceptual framework of the study, followed by the development of hypotheses. Then the methodology is outlined, and the findings are summarized. Finally, we discuss the theoretical and practical implications of our findings and provide suggestions for further research.

----- Figure 1 about here -----

## **2 Literature review and hypothesis development**

### *2.1. Upper echelons theory*

Upper echelons (UE) theory [16,17] attributes critical importance to top managerial characteristics in relation to firm strategic decisions and performance. Strategic decisions reflect the personal characteristics, values, and cognitive bases of top managers. These can influence perceptual processes and determine managerial decisions and subsequent firm performance. Accordingly, the UE theory emphasizes two main arguments. First, the top management team makes decisions based on their individual interpretations of strategic conditions. Second, these interpretations are shaped by their experiences, values, and personal characteristics [16]. There is a considerable body of research in the international business literature [18] that examines the impact of managers' demographic, psychographic, and experiential backgrounds on firm actions and strategies, highlighting the strong influence of the top echelons of firms within the UE theory

[16]. Historically, studies of medium and large firms have drawn on the UE theory perspective, but recent research suggests that scholars are more interested in studying smaller firms and their top managers [19]. In line with this trend, in this study focusing on SMEs in Ghana, we discuss in the following sections how manager/owner characteristics (e.g. CQ) may be related to and influence firm actions and performance.

## *2.2. Cultural intelligence*

The cultural intelligence (CQ) concept was developed to help understand why some individuals are more successful in culturally diverse contexts than others. Pioneering scholars of CQ [20,21] argue that it brings together a set of capabilities that can explain success in an intercultural context. In more general terms, the higher the cultural intelligence the better the ability of the individual to handle various cultural contexts more efficiently [22]. CQ is a multidimensional concept consisting of four distinct but related components [23], namely metacognition, cognition, motivation, and behavior.

Metacognitive CQ is related to higher-order cognitive processes that individuals use in order to understand host cultural knowledge. Having a high level of metacognitive CQ means to be aware of one's cultural background [24] and capable of adjusting the personal mental frameworks, before, during, and after intercultural interactions [25]. Cognitive CQ can be described as possessing knowledge about cultural attributes such as specific norms, values, and practices of different countries [20]. This knowledge of other cultures is generally a result of education and personal experiences [24]. This knowledge contributes to the formation of an individual's behavior and thoughts in intercultural interactions, as it includes knowledge of what differences are and/or what behavior is appropriate in an intercultural context. Motivational CQ

is the interest, motivation, and confidence of a person to interact with people from different cultures or to work in new settings [25]. Individuals with motivational CQ typically value cultural experiences [26] and appreciate engaging with individuals from diverse backgrounds. Motivational CQ is related to a person's belief in their ability to achieve a certain level of performance in a novel context [22]. Finally, behavioral CQ refers to one's ability to behave appropriately in a new cultural environment. [21]. It reflects proficiency in verbal and nonverbal behaviors, adapted to specific cultural contexts. Individuals with high levels of behavioral CQ can use a diverse range of actions, adjusting their tones, gestures, or facial expressions based on their understanding of the norms of a particular culture [20,25].

### *2.3. Cultural intelligence and relationship quality*

In the international arena, SMEs are confronted with a total different environment, compared to their home context. The specificity of international business lies in the diversity and complexity of the business environment, where the challenges and constraints are much more intense than at home. SMEs have limited knowledge about the complexity of foreign market characteristics: the availability and the quality of the institutional framework; the intensity of the competition; and the specific values of customers, suppliers, or competitors. Moreover, SMEs have limited access to resources of any kind [27–29]. Besides the complexity, the international environment is also characterized by high uncertainty and ambiguity.

In order to cope with these kinds of challenges, SMEs have to create and cultivate other strengths [30,31]. As Pauluzzo [32] emphasizes, an SME is usually managed by one person, the owner-manager, or a small number of people. The owner-manager plays a crucial role in the internationalization process of the SME. Taking into account the UE Theory [17], we emphasize

the key role of the owner-manager of the SME in dealing with the complexity and uncertainty of the international environment. In the face of great diversity (in competition, regulations, customers, and cultures), the characteristics/qualities of decision-makers are crucial for the success of the SME [33,34]. The lack of managerial knowledge and information may lead the SME to arbitrary international development steps, based on managerial subjectivity.

The limited knowledge of the manager about foreign markets requires collaborative activities, as learning from one's own experience is not a viable solution [10,28]. Under these circumstances, as mentioned by [35], they have to rely on the opinions of some close partners/actors from their networks and connections. Following the network approach [36], we argue that the interaction within networks is crucial for the knowledge development of the firm. A good relationship with stakeholders from different backgrounds is seen as an intangible asset for the SME that can contribute to the firm's performance [37]. Business relationships help to increase knowledge of the host environment and the ability to process external information. For an SME manager, who is the key person in establishing and maintaining these relationships in the long term, the quality of relationships reduces the information gap and also reduces the perceived stress of doing business abroad.

Nevertheless, research shows that cultural differences act as a central obstacle in developing a quality relationship [38]. Failure to understand or accept cultural differences can lead to unpredictable situations of conflict or tension [21]. The quality of the relationship with foreign actors can be compromised by mistrust, hostility, and lack of feedback [39] if the differences in values, norms, or habits are too great. The basis of cultural differences is that what is sacred to one culture may be completely irrelevant to another. Considering the upper echelons theory and the essential role of the manager-owner in driving the internationalization process of

SMEs, the fact that the manager-owner is not "equipped" with great cultural sensitivity, awareness, and knowledge of other cultures, makes him/her less efficient in creating and maintaining quality relationships, which can be an important cause of failure.

CQ is a key competence for the SME manager in order to establish and maintain quality relationships with foreign networks [30]. More recently, several scholars [6] have argued that a high level of manager's CQ can be seen as a prerequisite for quality networking behaviors, using a win-win perspective. Indeed, these relationships can include both local and foreign partners such as customers, suppliers, distributors, competitors, government, banks, and even friends or family [40]. The results of previous studies on the outcomes of CQ stand to enhance the capacity of the SME manager in creating good quality relationships. For example, several studies have found that CQ determines better adaptation to new environments [41–43]; and more specifically, the willingness to adapt behavior to the local culture [44]. With regard to relationships in particular, given that CQ facilitates interactions with others [21], the finding that accuracy in identifying biased items is associated with high CQ [45] and the positive role of CQ on the degree of comfort in changing opinions with others [46] is not surprising. CQ has an impact on the ability to manage conflict with international partners [47]; there are also studies that show that high levels of CQ are associated with more adaptive sales behaviour [48].

In short, we hypothesize that CQ, as an important characteristic of the SME's manager-owner, enhances the ability to communicate effectively across cultural boundaries, determining the level of cultural sensitivity and respect for local customs, building long-term trust with partners and thus improving relationship quality.

*H1: The higher the CQ level of a decision maker in an SME, the better the performance of the firm in terms of relationship quality.*

#### *2.4. Relationship quality and export performance*

In the international business literature, the networking approach [36], which focuses on its impact on the international performance of firms, is one of the most frequently used key research approaches. In this approach, the central role of relationship quality, defined as the strength of relationships between stakeholders, is recognized as an undeniable role [49]. These key stakeholders include both local and foreign ones, such as suppliers, intermediaries, buyers, government organizations (ministries, customs, etc.), economic and civil parties (banks, chambers, associations, unions, etc.), and various service providers (logistics service providers, insurance companies, etc.). The cooperation between all parties ensures that each of them is successful in achieving its own objectives. In other words, maintaining good relationships is a cost-effective strategy and it is less expensive for each party (e.g. exporter and importer) to retain existing customers than to acquire new ones [50].

While numerous studies [49,51–55] have examined the positive impact of relationship quality on export performance primarily through the lens of cooperation, trust, and commitment variables; the present study explores the nuances of this relationship in the context of local and foreign relationship quality. Both local and foreign relationships have an impact on the international performance of firms [56]. Given that relationships with local and foreign stakeholders determine the exporter's position in the market, it is important for exporters to differentiate and leverage different relationships to achieve better export performance.

Although local ties are important for the international performance of firms, most existing studies focus on foreign ties. There is little empirical research to support the notion that local networks are relevant to the international performance of firms [57–59]. Formal and informal relationships with critical actors in the local market can mitigate uncertainties and ambiguities in firms' internationalization efforts [59–61], especially for SMEs in emerging economies such as Ghana [62]. In the context of local networking, a firm's involvement in industrial networks and business groups provides it with important information necessary for its internationalization efforts. In particular, the complementary exchange of information between local parties helps the firm to overcome fixed information costs and compensate for the lack of internal resources needed to provide the services required to enter foreign markets [63,64]. This in turn helps the firm to increase its visibility in the international arena and facilitates its access to foreign actors [57]. Foreign networks can assist firms in the selection and interpretation of the information they need for their actions and decisions, in an international environment of uncertainty and complexity [65]. Developing good relationships with business partners is one of the most effective ways in which SMEs can become better acquainted with export markets and capitalize on opportunities. A number of empirical studies confirm that a good relationship between a firm and its trading partners is a major contributor to the export performance of SMEs. Cooperation between firms and foreign partners is particularly important in meeting the challenges of a complex and diverse global business environment, competing in distant and difficult to control overseas markets, and resolving disputes amicably. In particular, a meta-analysis of factors affecting small firm's export performance [66] found that networking has a stronger relationship with exporting performance than innovation or marketing capabilities. This is also the case for

SMEs in Ghana [67] and other African countries [68,69], demonstrating the impact of foreign cooperation on the internationalization of the firm.

In conclusion, the existing literature on export performance provides substantial evidence for the positive impact of both local and foreign dimensions of relationship quality on export performance. Accordingly, the following hypothesis is developed:

*H2: The high local and foreign relationship quality of SMEs is positively related to their export performance.*

### **3 Method**

#### *3.1. The study context*

The choice of Ghana for this study is justified based on the study objectives of employing data from an emerging economy in Sub-Saharan Africa (SSA) dominated by SMEs [70]. In recent times, there is no doubt Ghana continues to receive praise as a model for contemporary democratic governance and a gateway for business advancement, particularly SMEs. Therefore, the study focuses on Ghana for various reasons. Apart from SMEs in Ghana dominating the business landscape [71], close to 85% of jobs in Ghana are accounted for by this sector [72]. Also, 70% of the Gross Domestic Product (GDP) in Ghana is a contribution from the SME sector and constitutes about 92% of businesses in Ghana. Undoubtedly, the pocket of evidence available suggests that SMEs contribute significantly and play a key role in achieving growth, generating employment, and help in alleviating poverty in Ghana and other SSA countries [73].

Additionally, Ghana has achieved economic transition and open-market policies that have led to significant attention in the popular business press [74]. This is a unique avenue for

investigating the connections between Western industrialized origins and an emerging market environment. According to [75], Ghana is regarded as a representation of the SSA economy. Similarly, recent research has demonstrated how the majority of SSA enterprises, in particular those in Ghana, have accepted the internationalization discourse within the sub-region of the Economic Community of West African States (ECOWAS). Thus, the reasons for SMEs remaining the breeding ground for the next wave of African entrepreneurs cannot be discounted. Therefore, Ghana is a study context to demonstrate how SME managers' cultural intelligence, networking behavior and firm internationalization (export) performance support economic growth in an emerging economy.

### *3.2. Sample and procedure*

We used a simple random sampling strategy for the selection of participants, as the aim of this study was to examine the relationships between CQ, relationship quality, and export performance of SMEs in Ghana. Our study included SMEs that met the following criteria: they had to be small or medium-sized, controlled and owned by individual owners with a majority shareholding, and they had to export. From the database of 17,732 exporting SMEs maintained by the Ghana Export Promotion Agency (GEPA), we randomly selected and contacted 525 SMEs that met our study criteria. A representative of the top management team (owner, entrepreneur, CEO, or administrator) was then contacted to explain the objectives of the study and to ask if they would be willing to participate. In the year 2022, these potential participants were contacted in person in order to collect the data. The surveys were distributed by one of our researchers with a cover letter explaining the purpose of the research and assuring respondents that their participation was voluntary and that their responses would remain anonymous.

Participants were encouraged to fill out the survey through several visits during the data collection period.

A total of 145 surveys were deemed valid, giving an effective response rate of 27.61%. The characteristics of the SMEs and those surveyed are described in Table 1. As regards the characteristics of the enterprises, SMEs are on average 14.12 years old and they employ on average 49.15 employees. 49.7% of the participating SMEs have exporting experience between 2-5 years and the majority of SMEs (91.7%) export to 1-5 countries. The SMEs came from a wide range of sectors, including the food, beverages, and tobacco industries (17.2 %), the agriculture, forestry, and fishing industries (16.6 %), and the remaining SMEs from other sectors. In terms of the characteristics of the respondents, 55.2% were male and the average age was 36.06 years. 33.1% of respondents are business owners, with the remainder in managerial positions. More than half of the respondents (63.5%) have less than a Bachelor's degree and their average experience in their current position is 6.34 years.

----- Table 1 about here -----

### *3.3. Measurement instruments*

*3.3.1. Cultural intelligence:* The CQ of top managers was measured using the short form measure of cultural intelligence (SFCQ) [76]. The SFCQ is commonly used in the study of CQ [77]. It is a unidimensional scale consisting of ten items that reflect three interrelated aspects of cross-cultural knowledge, cross-cultural skills, and cultural metacognition. A sample item was “I know the ways in which cultures around the world are different”. Top managers' responses were recorded on a five-point Likert scale ranging from 1 (not at all) to 5 (extremely well). The scale had a good internal consistency with a Cronbach's alpha value of 0.830.

*3.3.2. Relationship quality:* To measure relationship quality, the quality of foreign and local relationships developed by SMEs was assessed. Eight items adapted from the relationship quality scale by [53] for firms in an exporting context were used. This scale is one of the most common scales used to measure the relationship quality of a firm [78]. It includes four items for foreign relationship quality (e.g., “Our firm has a constant interaction with our main importers during the implementation of our export strategy”) and four items for local relationship quality (e.g., “Our firm has a continuous interaction with local firms during the implementation of our export strategy”). Responses were recorded on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The Cronbach's alpha reliability coefficients of the dimensions were 0.819 for foreign relationship quality and 0.793 for local relationship quality.

*3.3.3. Export Performance:* Subjective export performance of SMEs was measured by how well firms' sales met their exporting targets (market share growth, sales volume, and sales growth). We used three items adapted from the Export Performance Scale (EXPERF) developed by [79]. These indicators, included in the EXPERF scale and used in our study, are commonly used indicators in the measurement of firms' export performance [80]. The sample item was 'This export venture has generated a high volume of sales'. Responses were recorded on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree). This subjective performance measure is calculated by averaging the three items and shows a Cronbach's Alpha of 0.872. In addition, the relationship between subjective export performance and objective sales data was examined using export sales data provided by finance directors of firms. Subjective and objective export performance ratings were positively related ( $r=0.512$ ,  $p<0.001$ ). This finding is consistent with previous studies investigating subjective and objective firm performance relationships in the Ghanaian context [81].

*3.3.4. Control Variables:* In accordance with the related literature [80,82], our study controls for some firm-level characteristics that may affect the dependent variable (e.g. firm age, size, years of exporting). Firm age was measured as the number of years between the establishment of the firm and the year of this study. Firm size was measured by the number of persons employed. The number of years of exporting was measured as the number of years up to the year of this study. As recommended by [83], we ran the analyses both including and excluding the controls to see if the findings differed. The findings obtained were not different with and without these controls. Furthermore, the findings indicated that there was no significant relationship between the control variables and the dependent variable (see Table 2). As the inclusion of such control variables in the analyses could potentially reduce statistical power and lead to biased estimates, we followed Becker's recommendations and excluded the controls from the analyses.

## **4 Results**

A confirmatory factor analysis (CFA) was conducted to evaluate the construct validity of the measurement model by examining its convergent and discriminant validity (see the Appendix). CFA was conducted using LISREL software [84] to assess the goodness of fit of the measurement model to the data. The measurement model provided a satisfactory fit to the data as follows:  $\chi^2$  (df=183) = 225.48, goodness-of-fit [GFI] = 0.88, (Bentler's) comparative fit index [CFI] = 0.96, incremental fit index [IFI] = 0.96, root mean square error of approximation [RMSEA] = 0.067. A post-hoc power analysis based on RMSEA was conducted using Webpower [85]. The results showed that with an RMSEA of 0.05 for H1 and an alpha of 0.05, the power of the model was 0.91, suggesting that the sample size was adequate for the model.

All of the factor loadings were highly significant ( $p < 0.01$ ), the composite reliabilities (CR) of all the constructs were greater than 0.70, and all of the average variance extracted (AVE) values were greater than 0.50. These results were therefore sufficient for the demonstration of convergent validity and reliability [86]. In order to assess the discriminant validity, the square root of the AVE of each construct was further compared with the correlations with other latent constructs to determine whether they were higher than the correlations with other latent constructs. The findings indicate that the AVE for each construct was higher than the correlations with other latent constructs, indicating discriminant validity. Overall, these results indicate that the measures in this study have satisfactory reliability and validity. Moreover, as the data collected came from a single source, this study used Harman's single factor test to check for common method variance [87]. The results of the analysis showed a value of 30.45%, which is less than 50% of the total variance, indicating that most of the variance in the data is not explained by a single factor. As a result, there is no common method variance for the data in this study [88].

----- Table 2 about here -----

#### *4.1. Descriptive statistics and correlations*

The mean values, the standard deviations, and the correlations between all the variables are shown in Table 2. As shown in the Table, CQ is significantly and positively correlated with local relationship quality ( $r = 0.331$ ,  $p < 0.01$ ), and foreign relationship quality ( $r = 0.334$ ,  $p < 0.01$ ). Moreover, local relationship quality ( $r = 0.325$ ,  $p < 0.01$ ), and foreign relationship quality ( $r = 0.312$ ,  $p < 0.01$ ) are significantly and positively correlated with export performance.

#### 4.2. Hypotheses testing

To test the causal relationships suggested by the hypotheses developed in our study, a structural equation model was formulated and estimated using maximum likelihood estimation as implemented in LISREL version 8.54 software [84]. The covariance matrix was used for all analyses.

----- Figure 2 about here -----

Figure 2 illustrates the strength of the causal relationships between the variables. The reports of standardized estimates and t-values confirm the impact of CQ on local and foreign relationship quality. The effect of CQ on local relationship quality ( $\beta = 0.42$ ,  $t = 3.01$ ,  $p < 0.01$ ) and foreign relationship quality ( $\beta = 0.43$ ,  $t = 2.98$ ,  $p < 0.01$ ) was significant and in a positive direction. These results are in support of the first hypothesis of our research. In addition, the influence of foreign relationship quality ( $\beta=0.28$ ,  $t=2.07$ ,  $p < 0.01$ ) on export performance was significantly positive. However, no statistically significant effect of local relationship quality on export performance was found ( $\beta=0.25$ ,  $t=1.89$ , ns). These results provide partial support for the second hypothesis of our research.

The results also showed that the structural model had good fit indices. As reported, the chi-square/df ratio (1.335) and the RMSEA (0.067) obtained acceptable goodness of fit thresholds. The GFI (0.86), CFI (0.95), and IFI (0.96) were also acceptable.

## 5 Discussion

Based on the UE theory and network-based perspective, this study proposes a model that summarizes the local and foreign relationship quality that drives SME export performance and the owner/manager's CQ that can influence this relationship quality. The model was empirically

assessed using data from 145 exporters operating in Ghana, one of Africa's developing countries. Overall, the results showed that SME owner/managers' CQ affects the firm's local and foreign relationship quality, and foreign relationship quality drives export performance.

For Ghanaian exporting SMEs, the CQ of the owner/manager was found to be one of the factors affecting the relationship quality of the firm. This is in line with the results of research carried out in other countries [6,30]. Our study has provided significant evidence that the CQ of SME owner/managers can be a factor in helping these firms to develop relationships with both national and international networks. In particular, the findings that SME owner/managers' intercultural competencies can influence the quality of firms' relationships with business partners and other actors are consistent with upper-echelon theory, which argues for the significance of top managers in influencing firm behavior and performance [19].

In terms of relationship quality, the quality of foreign relationships was found to play a significant role in the export performance of Ghanaian SMEs. This finding is consistent with previous research in both developed [89] and developing countries in Africa [68] that highlights the importance of relationships with foreign actors as an important determinant of SME international performance. However, the quality of local relationships had no significant effect on export performance. This finding is not consistent with the results of previous studies conducted in some African countries, such as Algeria [59], Benin [61] and Niger [60]. These studies argue that local relationship quality is an important factor that manifests itself in the form of local collaboration and contributes to the internationalization of SMEs. Although few studies support the general idea that local networks are important for international market access [57,59], some studies have even found negative effects [90], making the question of whether cooperation with local partners improves export performance controversial and in need of further

research. Perhaps, the insignificant effect of local relationship quality on the export performance of Ghanaian SMEs may be due to the fact that economic activities in Africa are embedded in institutional contexts, as some scholars have argued [91,92]. In culturally rich Africa, such as Ghana [93], subcultures can be seen as a prerequisite for social networks, trust, and business-to-business collaboration [94], leading to culture being viewed as a 'barrier' to SMEs. Therefore, the insignificant role of local relationship quality may be due to the nature of the Ghanaian context in which SMEs operate. However, it is clear that this needs further investigation.

### *5.1. Theoretical and practical implications*

Overall, our study contributes to the relevant literature in several ways. First, the results of this study are expected to make a significant contribution to CQ research. Studies in the area of CQ usually relate it to individual-level outcomes [95], and there are very few studies that examine the consequences of CQ at the managerial level [4,6,9,10,12,13,30,31]. The present study fills this gap. This study provides evidence that an owner/manager's CQ in small firms contributes to the development of local and foreign relationship quality, which may subsequently lead to better international performance.

Secondly, the results of this study confirm that the CQ of SME decision-makers enhances the quality of relationships that will drive the firm's international performance. CQ helps the owner-manager to establish and develop more effective relationships with key actors, which increases the firm's effectiveness in foreign markets. These findings are consistent with and contribute to upper-echelon theory, which highlights the significant role of owner-manager characteristics in determining the firm's strategic choices and performance outcomes [16,17].

From a practical point of view, this study has shown that CQ plays an important role in exporting SMEs. In most developing countries, such as Ghana, SMEs are seen as the drivers of economic development [96]. While there are many constraints to the international performance of SMEs, such as firm-specific and environment-specific factors, the attributes of African small business owners or managers also have a considerable influence on such performance [97]. Therefore, in terms of policy implications, we suggest that organizations or government agencies aiming to promote SME international business performance should pay attention to and prioritize the CQ development of the firm's decision-makers. Existing literature indicates that CQ can be learned, developed, and improved [23]. To improve the international performance of exporting SMEs, researchers and/or practitioners can use a variety of strategies to improve dimensions of CQ, such as lecture-style cultural training [98] and experiential cross-cultural training [99].

### *5.2. Limitations and suggestions for further research*

There are some limitations to the present study. First, the focus of this study is on a specific setting, the context of Ghanaian SMEs. Although SMEs play an important role in the Ghanaian economy, as in other countries [96], it is clear that evidence from other contexts is needed to generalize the findings. The generalizability of the findings can be ensured through future studies in other contexts, especially on the African continent [14].

Secondly, the current study has a cross-sectional research design, which makes it difficult to infer a cause-effect relationship. It clearly takes time to build effective and good relationships with key market actors [100]. Therefore, it seems unlikely, for example, to investigate how SME owner/managers' CQ affects relationship quality over time with a cross-sectional research design. Considering the context and time dependency of the variables focused on in the study,

there is a need for future longitudinal studies aimed at investigating the relationship between CQ and relationship quality.

Third, in this study, we used the SFCQ, which provides a unidimensional measure of CQ [76]. However, other conceptualizations of CQ include multiple dimensions. For example, although their conceptualization is similar, the Cultural Intelligence Scale (CQS) [22] is different because it measures CQ in four dimensions. Therefore, future studies may provide us with a better understanding of the role of each intercultural ability by using the CQS in measuring CQ.

In conclusion, as global trade and export opportunities increase, we hope that our research will encourage further CQ research into the contribution of SMEs to superior export performance.

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**Table 1: SMEs' and respondents' characteristics**

<b>Characteristics</b>	<b>Percentage (%)</b>	<b>Characteristics</b>	<b>Percentage (%)</b>
<b>Firm Size</b>		<b>Firm Age</b>	
< 10	28.3	< 2 years	0.7
10-50	52.4	2-10 years	55.2
51-250	19.3	11-25 years	28.9
> 250	-	26-50 years	14.5
		> 50 years	0.7
<b>Export Experience</b>		<b>Number of Countries Exporting</b>	
< 2 years	17.9	1	28.3
2-5 years	49.7	2	37.2
6-10 years	17.9	3-5	26.2
11-20 years	10.4	6-9	3.4
> 20 years	4.1	> 10	3.1
<b>Sector</b>			<b>%</b>
Food, beverage, and tobacco			17.2
Agriculture, forestry, and fishing			16.6
Furniture and other manufacturing			11.0
Textile and clothing			9.7
Construction			8.3
Printing, publishing, and recorded media			7.6
Petroleum, chemical, plastic, and rubber product			6.9
Metal product			6.2
Mining			5.5
Wood and paper product			4.8
Others			6.2

**Table 2: Descriptive statistics and intercorrelations for variables**

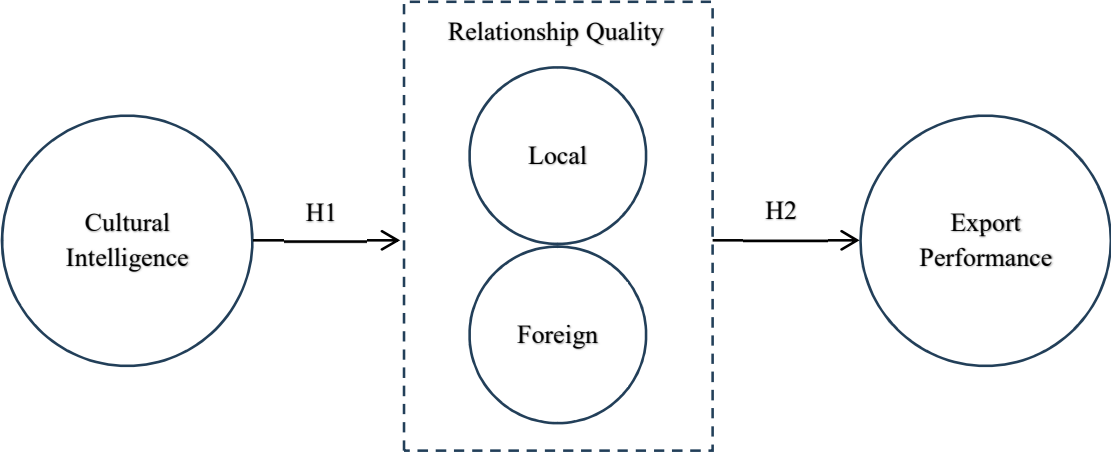
Variables	M	SD	1	2	3	4	5	6	7	8
1. Firm age	14.124	11.855	-							
2. Firm size	49.158	88.772	0.232**	-						
3. Exporting experience (in years)	6.200	6.928	0.553**	0.234**	-					
4. Cultural intelligence	3.698	0.595	-0.011	-0.118	0.028	(0.830)				
5. Local relationship quality	3.472	0.846	-0.020	-0.148	0.015	0.331**	(0.819)			
6. Foreign relationship quality	3.625	0.775	-0.002	-0.080	0.085	0.334**	0.495**	(0.793)		
7. Export performance	3.620	0.946	-0.051	-0.116	0.065	0.522**	0.325**	0.312**	(0.872)	
8. Export sales (in US \$) <sup>a</sup>	4.555	0.729	0.148	0.082	0.063	0.454**	0.226**	0.207**	0.512**	-

Notes: Sample size = 145. Alphas are on the diagonal. M: mean; SD: standard deviation.

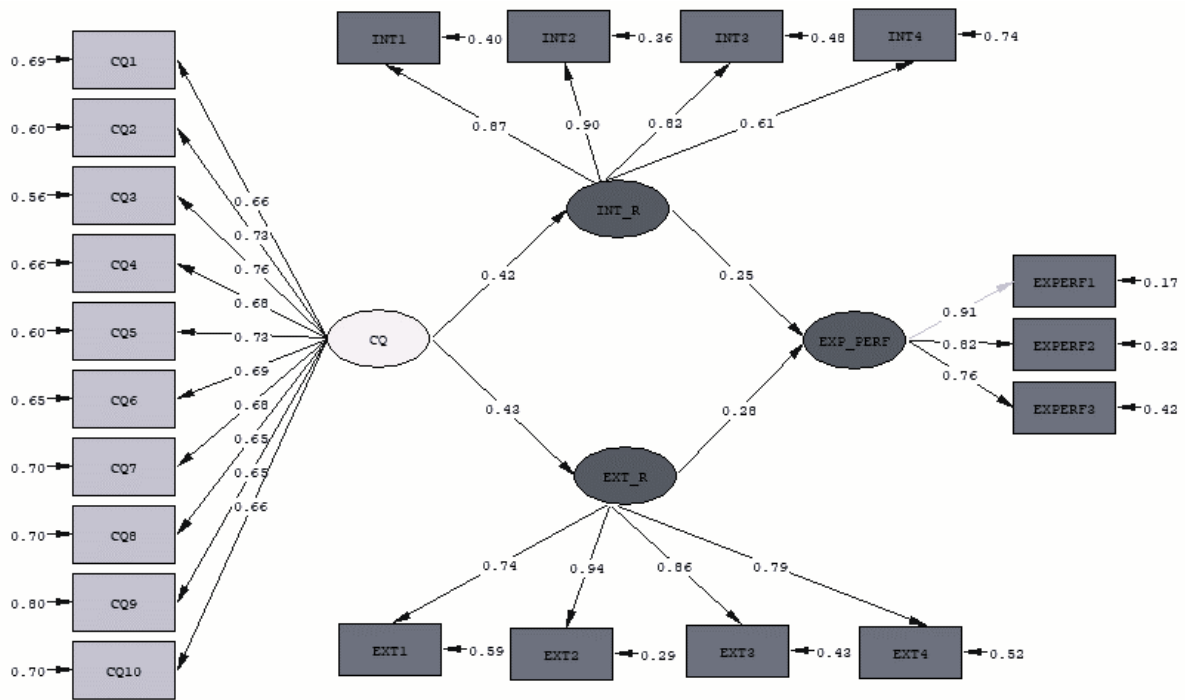
\*\* $p < 0.01$ , \* $p < 0.05$ .

<sup>a</sup> Natural logarithm transformation was taken.

**Figure 1: Hypothesized Model**



**Figure 2: The results of SEM for the hypothesis tests**



Chi-Square=247.11, df=185, P-value=0.00154, RMSEA=0.067

Notes: CQ = cultural intelligence, INT\_R: Local relationship; EXT\_R: Foreign relationship; EXP\_PERF: Export performance. The statistics in the figure are the standardized estimates of path analysis.