

GORDON INSTITUTE  
OF BUSINESS SCIENCE  
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**The role of market orientation and entrepreneurial orientation in export business  
development performance**

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A research project submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

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## **ABSTRACT**

Export business development (EBD) is seen as an important component of strategic renewal, profitability, innovativeness and growth of firms. Previous research on business development considered its role in the success of Small Medium Enterprise's (Davis and Sun, 2006) as well as the commercialisation of disruptive innovations (Gigliano, Vitale, and McClatchy, 2011) . However to date limited research has attempted to examine the behavioural influences and assess the outcomes of the joint effects of export market orientation (EMO) and export entrepreneurial orientation (EEO) on EBD performance. This study is aimed at providing an empirical investigation of these two strategic orientation factors to determine their impact on business development performance in South African export firms.

A quantitative research methodology was employed. The assessment instrument developed by Boso, Cadogan and Story (2012) was used to measure EMO, EEO and export market dynamism (EMD). The research process comprised of two stages constituting a pre-test sample of six experts from the fresh produce export and steel fabrication sectors. The second phase was made up of 46 CEOs, executives, business developers, international sales managers and traders in the mining, fresh produce, electro technical, healthcare, automotive, oil & gas, steel, consulting services and other sectors.

Statistical analysis for validity, reliability, construct correlation and multiple regression analysis showed acceptable results to conclude that the assessment instrument measures can be used amongst South African exporters of goods and services. A comparison of the differences of means between the constructs for background variables produced neither statistically significant differences nor practical significance for application in practice. The overall results of this study indicate that two of the three independent variables selected for testing, EMO and EEO were found to have statistically significant relationships with the dependent variables of EBD performance, and the presence of EMD did not have a statistically significant impact in moderating the joint effects of EMO and EEO.

Recommendations are provided for key stakeholders to utilise when devising strategy, as well as marketing and recruitment interventions

## KEYWORDS

Export business development performance, Strategic orientation, Export market orientation

Export entrepreneurial orientation, Export market dynamism

## DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria.

It has not been submitted before for any degree or examination in any other university.

I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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Mmachidi Thobejane

7 November 2012

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## **GLOSSARY OF TERMS**

### **Export Business Developers**

Export Business Developers will be used as an umbrella term to include CEOs, executives, senior managers of business development, international sales, and trade as well as any other senior manager who fulfils an export business development function as outlined in the export business development glossary of terms below. These are men and women who are:

- Owners or executives or senior managers of South African export businesses. They have a significant leadership role in the business, control over day-to-day operations, decision making powers and may but do not necessarily report to the board of directors.
- Have knowledge of the business's export activities, mechanisms for developing new business and means of generating new knowledge to cope with technology, market discontinuity and competitive pressure.

### **South African Export Firm**

- For the purpose of this study, a South African export firm is defined as a profit-seeking business that has obtained an exporter's license with customs and excise from the South African Revenue Services (SARS, 2012) and is registered as a member on one of the Department of Trade and Industry (DTI) Export Councils.
- The export business can either be an owner of the export cargo or an intermediary / agent representing the cargo owner or a professional services firm with international clients.

### **Export Market Orientation (EMO)**

EMO is an export market-focused approach to strategy. It is defined as the "generation, dissemination and responsiveness to export market intelligence" (Boso *et al.*, 2012, p. 6). Racela, Chaikittisilpa and Thoumrunroje (2007) assert that export market intelligence

generation includes the collecting of information relating to (1) trends, changes in the export environment, (2) the forces that influence export customers' needs and wants, and (3) the measurement of export customer satisfaction. Export market intelligence dissemination denotes the activities involving the sharing of export customer and competitor market intelligence. Export market intelligence responsiveness represents the "formulation and implementation of all responses toward the intelligence that has been collected, generated and disseminated within an exporting business" (Chung, 2012, p. 405)

### **Export Entrepreneurial Orientation (EEO)**

EEO refers to the "processes, practices and decision making activities that lead to a new entry into the market" (Memili, Lumpkin, & Dess, 2011 p. 130). It is an entrepreneurial strategy making process that enables businesses to engage in product or market innovations, undertake risky ventures and come up with proactive innovations "beating competitors to the punch" (Fatoki, 2012, p. 121). EEO is an export market-driving and exploratory behaviour that comprises five core dimensions (1) export product innovativeness (2) export risk-taking (3) export market proactiveness (4) export competitive aggressiveness (5) autonomous export behaviours (Boso *et al.*, 2012)

### **Export Business Development (EBD)**

Business development refers to a capability comprised of routines and skills that serve to enable growth by identifying export opportunities and guiding the deployment of resources to extend the business's value-creation activities into market areas that are relatively new to the business (Davis & Sun, 2006). Business development has been recognised by scholars as the stimulant for economic growth. It provides a solution to social challenges such as unemployment through increasing the profitability and growth of business; partnering with the customers; generating a steady flow of new business to the firm in different ways evaluating and exploiting these opportunities; both external and internal.

## **Export Market Dynamism (EMD)**

EMD refers to a dynamic and changing environment as indicated by “the rate of change in export customer needs and competitor actions” (Boso *et al.*, 2012, p. 2). The rate of change is determined by assessing (1) the degree of variation in competitors’ product strategies, (2) changes in competitors’ market strategies and (3) changes in export customers’ buying behaviours (Boso *et al.*, 2012; Sundqvist, Kylaheiko, Kuivalainen & Cadogan, 2012 ; Millson, Wilemon, & Kim, 2011)

## **LIST OF ACRONYMS**

CEO – Chief Executive Officer

DTI – Department of Trade and Industry

EBD – Export business development

EEO – Export entrepreneurial orientation

EMD – Export market dynamism

EMO – Export market orientation

N – Sample size

SPSS - Statistical Package for the Social Sciences

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# 1. CHAPTER 1: INTRODUCTION TO THE RESEARCH PROBLEM

## 1.1 Introduction

International trade is increasing and the competitive landscape has changed as a result of the emergence of a more open world economy. In the context of the internationalisation of firms and the greater integration of markets, May and O'Neill (2012) assert that South African firms will be facing more competition from foreign firms than before. It is therefore essential for South African firms to identify ways in which to enhance their competitive advantage in international markets.

The international success or failure of businesses is a multifaceted phenomenon, which is influenced by factors such as business characteristics, strategic orientation, competition, business age, and managers' attitudes (Curci, Mackoy, & Yagi, 2012). This research examines how two specific strategic orientations – export market orientation (referred to henceforth as EMO) and export entrepreneurial orientation (referred to henceforth as EEO) - act to drive the performance of export business developers in international markets. The literature implies that EMO and EEO are strategic orientations that are essential for securing business success, but their influence on performance is unclear (Boso *et al.*, 2012).

Theoretical and empirical information regarding the synergistic effect of a joint implementation of EMO and EEO on export business development (referred to henceforth as EBD) of South African firms is scarce in international business, strategy, marketing and management literature. In addition, literature is limited on the intra-firm conditions that are most conducive for the implementation of a dual strategy involving EMO and EEO.

It is inferred that external environments affect the success or failure of business developers in international markets. As such, the secondary objective of this research is to understand the impact of market dynamics in enhancing or hindering the performance of export business developers in international markets.

To summarise, the purpose of this research is to examine: (1) the interactive effect of EMO and EEO on EBD performance using the assessment instrument developed by Boso *et al*

(2012); (2) how the levels of customer preferences and competitive intensity of the export market environment facilitates or impedes the complementary effect of EMO and EEO on EBD performance

The proceeding sections expound on the research motivation as well as the relevance of the combined effects of EMO, EEO and EMD on EBD performance. The relevance of the research population, the research problem, scope and potential beneficiaries of the outcome of the research are also outlined

## **1.2 Research Motivation and Contextual Relevance**

Exporting is an important economic activity that is critical for the success of businesses and nations (Boso *et al.*, 2012). To achieve market success and sustain a competitive advantage, businesses need to exploit new opportunities, develop new products and/or services and markets (Tajeddini, 2010). The increasing role played by exports in driving economic prosperity means that there is a pressing need to understand the factors underpinning export success (Acedo & Galán, 2011) . Furthermore, “empirical research examining the moderating effects of the competitive environment on the relationship between EEO and EMO interaction is limited” (Boso *et al.*, 2012 p. 678).

### **1.2.1 Relevance of Research: Exporting in South Africa**

For South African, firms the increasing trend towards globalisation presents multiple opportunities for international expansion (Venter, Urban, & Rwigema, 2008). Exporting is particularly important for small businesses operating within developing economies, being a major source of revenue and economic growth (Ibeh, 2003). A strong EEO can provide the necessary competitive advantage for SA and other African countries to compete globally (Urban, 2008).

South Africa depends on international trade to a high degree and has a fundamental interest in making use of all its export opportunities (Van Aarde & Viviers, 2007). When South Africa profits from these export opportunities it contributes to the economy’s equilibrium by funding the shortage on the balance of payments. Therefore exports are an important tool for the South African economy. According to Monreal-Perez, Aragon-Sanchez and Sanchez-Marin (2012), firms that are exposed to a greater level of

international competition are likely to be more efficient in their use of resources. Consequently, it was ascertained that exporting firms act as conduits for the informal inflow of foreign technology and thus could generate higher productivity. The combined effect of access to export markets and higher productivity enhances employment growth (Golovko & Valentini, 2011).

Export assistance programmes designed by governments are intended to provide firms with the resources and capabilities necessary to facilitate success in exporting (Duran & Ubeda, 2001). The Department of Trade and Industry (DTI) has many initiatives to assist exporters in the process and provides them with the necessary information resources. These include the promotion and formation of industry-based export councils to assist exporters in reaching their targets; market intelligence and advice; trade-lead facilitation; facilitating exports by matching potential exporters with foreign buyers; in-market support and financial assistance (The Department of Trade and Industry, 2012).

Research on the relationship between strategic orientation and EBD, in the South African context, may be considered as valuable, as very few empirical studies have been previously conducted which focus on the strategic orientation of South African firms in this context.

### **1.2.2 Relevance of Research: Strategic Orientation**

Export strategic orientations such as EMO and EEO may also provide a firm foundation on how a firm should grow. Such orientations can be seen as capabilities on which a firm builds its international competitive strategy and may be a key determinant of success (Knight & Cavusgil, 2009).

The strategic orientation of an exporting firm is a key determinant of performance, and different types of internal and external contextual situations may exist such that exporting firms manifest different strategic orientations in their export activities. The performance implication of a particular strategic orientation is expected to be contingent on its fit with the external environment and the firm's export channel structure. It is therefore imperative to research the impact of strategic orientation under varying external environments in order for management to determine the optimal conditions in which to invest in EMO and EEO capabilities.

### **1.2.3 Relevance of Research: Export Business Developers**

Export business developers are important as their role creates growth through expansion or extension of existing product-markets (or their service equivalents) or through development of product-markets or services that are new to the firm (Davis & Sun, 2006).

They play an important role in the creation of new opportunities, jobs, and innovations. It is important to distinguish the focus of this research - firm-specific business development of export goods and services - from business development support as defined by state agencies such as export assistance programmes. In South Africa's case this is offered by institutions like the DTI as well as Industry Associations. This research focuses on firms investing in their own EBD personnel or engaging the help of third-party consulting firms who specialise in sector specific trade or in a particular export country or both.

This is of significance especially in many emerging economies as the home market is too small to offer significant growth opportunities to indigenous export firms (Boso *et al.*, 2012). Growth-oriented exporters therefore need to develop business linkages with markets outside their home region. The EBD capabilities of such firms are critical growth enablers. This research is motivated by the desire to understand the nature of firm-specific EBD capabilities of South African export firms.

### **1.2.4 Relevance of the Relationship Between EMO and EEO in South Africa**

South Africa has a predominantly resource-based economy and depends on export-driven growth (The Witness, 2012). International trade is crucial to the country's prosperity. Rankin, Soderbom and Teal (2006), argue that the domestic market is weak, and therefore, exporting is one of the avenues to propel firms into growth. It's even more important to take advantage of every opportunity for export-driven growth.

In dynamic, resource demanding and globalised market environments, developing successful innovative products and services is an important ingredient for long-term business success (De Jong and Vermeulen, 2006; Sim Langerak *et al.*, 2004). The logic supporting this notion is that new products and services, especially those that are radically innovative, provide small firms the opportunity to generate early market share, enhance cash flows, boost external visibility and legitimacy and increase the likelihood of survival

(De Jong and Vermeulen, 2011 ; Tellis *et al.*, 2009). In particular, the joint effect of two strategic orientations EMO and EEO in the South African context are under-researched with little attention given to the main effects or the potential environmental moderators of any relationships between these two strategic orientations and EBD performance. Baker and Sinkula (2009) call for research into entrepreneurial orientation and market orientation and the need to observe their joint impacts.

Managers are advised to consider developing firm capabilities further in this respect. It is also indicated that exporters that achieve a balance between their entrepreneurial and market-oriented resources perform better than counterparts that fail to take advantage of the complementary relationship between the two resources (Boso *et al.*, 2012) .

### **1.3 Research Problem**

Given its importance in the contemporary world of business, exporting has become a major means for entering international markets as well as expanding sales and profitability (Morgan *et al.*, 2004). Reaping these benefits is not a trouble free task but one that is hindered by numerous obstacles pertaining to internal business weaknesses, strategic business flaws, home-country deficiencies, or host-market problems (Leonidou, 2004). These impediments are responsible for (1) many small indigenous firms viewing exporting with great scepticism and refusing to engage in activities abroad; (2) neophyte exporters developing a negative attitude toward exporting and thinking of withdrawing from overseas operations; and (3) experienced exporters suffering from deteriorating performance, which even threatens their survival in international markets (Leonidou, 2004).

In light of the challenges faced by export firms, this research seeks to determine the factors exporters employ to realise profitable opportunities in international markets with specific emphasis on the role of two strategic orientations, namely EMO and EEO. It is argued that in any industry, firms will face times when markets are very stable but other times the markets may be volatile. The effect of market dynamics on EBD performance can shed some light on whether investing in EMO and EEO capabilities can mitigate some of the above indicated hurdles faced by exporters.

Internationalisation for firms implies numerous risks and many fail in their endeavours to venture abroad. The major problems that SMEs in South Africa experience include a lack

of management skills, access to global markets and, large firms not recognising them (Lamprecht, 2011, p. 19). Apart from the internal factors challenging South African SMEs, there are also external factors that should be considered “such as economic variables and markets, infrastructure, labour and regulations” (Lamprecht, 2010, p. 732).

This study focuses on internal factors challenging South African export firms and seeks to determine whether there are any firm-specific traits which exporters can use to realise profitable opportunities in international markets.

Studies on firm-specific export business development are mainly qualitative. Furthermore, scholars have studied export business development in a South African context from a macroeconomic perspective (Mokoena, 2011). There is insufficient quantitative business development research which seeks to determine the combined effects of EMO, EEO, EMD and EBD performance. Moreover, no study has been done on both a goods and services industry in a South African context.

In addition, rigorous research is needed to provide an operational framework in which the capability to spot value creating opportunities in international markets can generate profitable opportunities. As the development of new business moves out of the realm of the individual and is presented directly within the strategic orientation of the firm, it is hypothesised that factors responsible for the strategic orientation of business developers in firms will play an important role and thus result in performance success or failure based to the extent to which EMO and EEO capabilities are developed.

## **1.4 Research Objectives**

As stated in section 1.2 above, this research aims to determine the impact of the combined effects of EMO and EEO on EBD performance. It stems from the question that seeks to determine whether there is a set of external (environmental) and internal (managerial) factors which exporters need to be cognisant of in order to realise profitable opportunities in international markets? In order to answer this question, the following objectives are set and outlined below.

#### **1.4.1 Primary Objective**

The primary objective of the research is to examine the interactive effect of EMO and EEO on EBD performance of South African export firms, using the assessment instrument developed by Boso et al (2012).

#### **1.4.2 Secondary Objective**

The secondary and complimentary objective of this research is to determine whether the levels of customer preferences and competitive intensity in the export market environment enhance or impede the complementary effect of EMO and EEO on EBD performance as follows:

##### **1.4.2.1 Applicability of Scales on South African Export Business Developers**

This study seeks to determine whether the EMO, EEO and EMD scales in the assessment instrument are applicable for measuring those strategic orientation capabilities of export business developers in South Africa. This is in order to compare the findings of the study conducted by Boso et al. (2012) on the export sector in Ghana to other emerging economies, namely South Africa.

##### **1.4.2.2 The moderating effects of EMD**

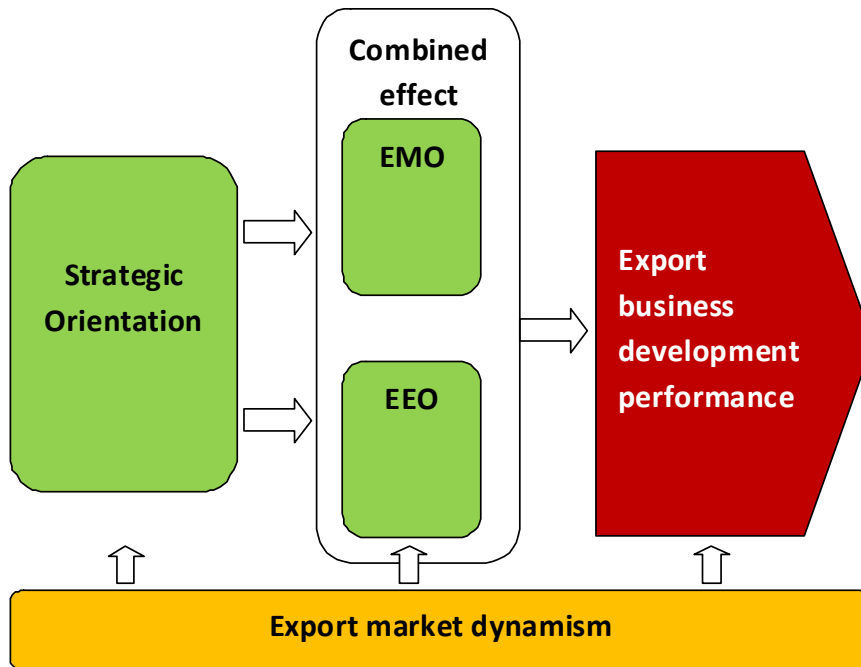
Boso et al (2012) assert that exporters operating in markets that are essentially stable and lacking in dynamism may accrue lower benefits from investing in the development of EMO and EEO, or from focusing on the alignment of these orientations. However, exporters operating in highly dynamic export markets are more likely to benefit substantially from investments in the development of these two strategic orientations and their alignment.

Scholars argue that although globalisation has created greater homogeneity in world markets, it is equally true that the behaviours of consumers and competitors in different export markets are diverse and dynamic (Leonidou *et al.*, 2002; Yenyurt and Townsend, 2003). The export literature also suggests that EMO and EEO may be more beneficial for firm performance in more dynamic environments (Cadogan *et al.*, 2009; Francis and Collins-Dodd, 2000).

Nonetheless, there are good reasons to suspect that both EEO and EMO may play a role in shaping export success, and that these strategic orientations (and processes) may be more important drivers of performance under specific environmental conditions. Accordingly, the research seeks to shed light on this important issue

The overview compiled in **Figure 1** provides a high-level outline of the process adopted in analysing EBD performance, with a view to developing a conceptual framework for successful EBD performance.

**Figure 1-1: Conceptual overview of the research approach (Thobejane, 2012)**



## 1.5 Potential Beneficiaries of Research

This research is set to add value to a number of stakeholders.

- The outcome of this research will provide the South African Department of Trade and Industry with information that can be used as input into policy formulation which focuses on the development of new business through the export of South African products
- Academic institutions, particularly business schools offering EBD courses, would discover knowledge about factors that can be incorporated into the EBD curriculum in order to align themselves with the government and firm-specific imperatives of increasing South African exports. Additionally the improved curriculum would better prepare EBD graduates for a career in developing new business opportunities in international markets.

- As EBD is context specific, this research will also add to a wealth of knowledge about EBD in a developing economy amongst those who select the export mode of entry as well as those scholars who have an interest in EBD within developing economies
- Business developers will stand to benefit from understanding the factors that promote EBD behaviour in order to become successful performers in their chosen export markets.
- A comparative between the Ghanaian and the South African research aims to determine whether the Boso et al (2012) study has general applicability in South Africa. Moreover, conventional wisdom holds that caution must be used in generalising the results developed from knowledge-intensive firms into a study that combines goods and services sectors (Tajeddini, 2010) Also knowledge-intensive firms are reported to have different growth objectives than so-called traditional firms (Bell, Crick, & Young, 2004). Correspondingly, previous research suggests that the industry and the orientation and experience of entrepreneurs influence the nature of internationalisation (Jones, 1999).

## **1.6 Research Scope**

In acknowledgement of the above, the scope of this research sets out to identify whether there are situations and conditions that increase (or decrease) the impact of these two aspects of strategic orientation on EBD performance, and so provide guidance to managers about when investments in EMO and EEO capabilities are most likely to lead to EBD success. The impact of ownership status and company size on the combined effects of EMO, EEO and market dynamics on EBD performance are also explored.

This research is limited to EMO and EEO as other strategic orientation factors will not be investigated. Furthermore, the research scope focuses on firm-specific factors; it therefore excludes the macro economic factors pertaining to the internationalisation of South African export goods and services.

## **1.7 Summary**

The international success or failure of businesses is a multifaceted phenomenon, which is influenced by factors such as business characteristics, strategic orientation, competition, business age, and managers' attitudes. This research examines how two specific strategic orientations – EMO and EEO - act to drive the performance of export business developers

in international markets. The literature implies that EMO and EEO are strategic orientations that are essential for securing business success, but their influence on performance is unclear.

Research on the relationship between strategic orientation and EBD, in the South African context, may be considered as valuable, as very few empirical studies have been previously conducted which focus on the strategic orientation of South African firms in this context

The main objective of this study was to determine the combined effect of EMO and EEO on EBD performance based on the premise that there is an increase in international competition which may hinder the success of South African export firms who do not develop these capabilities. The study focused on whether the research instrument used by Boso et al (2012) is applicable to South African exporters and determined the relationship between their strategic orientation and EBD performance in light of the dynamics of the international markets to which South Africa exports goods and services.

Export business developers are important as their role creates growth through expansion or extension of existing product-markets (or their service equivalents) or through development of product-markets or services that are new to the firm.

This research is set to add value to a number of stakeholders. The outcome of this research will provide the South African Department of Trade and Industry with information that can be used as input into policy formulation which focuses on the development of new business through the export of South African products. Business developers will stand to benefit from understanding the factors that promote EBD behaviour in order to become successful performers in their chosen export markets.

## 2. CHAPTER 2: LITERATURE REVIEW

### 2.1 Introduction

South Africa suffers from low economic growth, high levels of unemployment and increasing competitive pressure due to globalisation. Business development participation at firm level is an avenue where the most profound impact can be brought about in global competitiveness. This can be achieved through enhancing the strategic orientation capabilities required to internationalise and grow a business. Scholars have recognised that exporters who achieve a balance between their entrepreneurial and market-oriented capabilities perform better than counterparts that fail to take advantage of the complementary influences between these two strategic orientations (Boso *et al.*, 2012; Hughes *et al.*, 2007; Raisch & Birkinshaw, 2008)

The importance of internationalisation has been recognised in South Africa and sub-Saharan Africa in general. Rankin *et al.* (2006) argue that the domestic market is weak, and therefore, without export involvement, it will be unlikely to propel firms into growth. Kuada (2007), Rankin *et al.* (2006), and Wolf (2007) reported that the overall internal domestic market of the African continent is too small to propel firms' growth. In addition, Etemad (2004) argues that because of the influence of globalisation, firms are at increased risk of failure, if they choose to concentrate exclusively on their domestic market. In light of these observations, it is argued that internationalisation of firms represents one of the urgent and most important business development initiatives to lead sub-Saharan Africa and South African in particular to socio-economic prosperity (Kuada, 2007; Rankin *et al.*, 2006 & Wolf, 2007). This can be achieved through enhancing the strategic orientation capabilities of business developers to manage the complexities involved in EMO which tends to recognise and respond to changes in export customers' needs and preferences, and to export competitors' strategies (Kropp *et al.*, 2008). As well as EEO which includes a propensity to act autonomously, a willingness to innovate and take risks, and a tendency to be aggressive toward competitors and proactive relative to marketplace opportunities.

Export researchers have attempted to understand key determinants of export success (Balabanis & Katsikea, 2003; Dimitratos, Katsikeas, Leonidou, & Morgan, 2000; Lioukas, &

Carter, 2004; Robertson & Chetty, 2000). This has resulted in a rise in the number of constructs that have been studied in recent years, and among these are EMO and EEO (Cadogan *et al.*, 2009; Kuivalainen, Sundqvist, & Servais, 2007; Murray, Gao, & Kotabe, 2011)

It should be noted that export performance is dependent on more variables than just strategic orientation, particularly EMO and EEO. These include firm-level, managerial, environmental and legal variables as well as business characteristics, competition, business age, and managers' attitudes (Curci, Mackoy, & Yagi, 2012). Furthermore, it is vital to spreading business risks across different markets and ventures; improving technological, quality, and service standards in the business and generating more revenues and funds for reinvestment and further growth (Czinkota & Ronkainen 2001; Terpstra & Sarathy 2000).

Scholars argue that the value of the two strategic orientations must not be viewed in isolation, and that there may be a need for firms to combine the two orientations to achieve synergistic outcomes (Hult & Ketchen, 2001). The literature implies that EMO and EEO are strategic orientations that are essential for securing export business success, but their performance impacts are unclear (Boso *et al.*, 2012)

The factors driving the birth of new business in international markets have been identified and the means or mechanisms for developing new business within existing firms have been ascertained in literature (Fyrpil, 2012; Davis & Sun, 2006; Giglierano, Vitale & McClatchy, 2011). However the extent to which they enhance or hinder performance within existing firms is not fully understood.

The research problem that has been identified alludes to the need to enhance the strategic orientation of export business developers in order to realise profitable opportunities in international markets. It focuses particularly on two strategic orientation factors of EMO and EEO.

This research has drawn on firm-specific ambidexterity logic, dynamic capability theory and the resource-based view to develop and test a model depicting the joint effects of EEO and EMO on EBD performance. Furthermore, the research reviews the extent to which the varying effects of environment dynamism and competitive intensity hinder or enhance EBD performance, EMO and EEO.

The literature review is divided into four main components namely, application of strategic orientation theory, the combined effects of EMO and EEO, the application of business development theory and EMD

## 2.2 Application of Strategic Orientation Theory

Strategic Orientation is a “cognitive understanding and interpretation of the external environment and internal resources” (Lau & Bruton., 2011, p. 372). It represents the priority of resource allocation with long-term growth and shareholders’ wealth as the ultimate objective (Hitt, Dacin, Tyler, & Park, 1997). The underlying assumption in strategic orientation is that substantive strategic beliefs underpin the strategic actions taken by the firm. These beliefs concern the basic thinking of the organisation in domains such as the scope of activities the firm is to pursue, where the firm is to operate, and how it is to operate (Lau *et al.*, 2008). These philosophical underpinnings, and -the strategic orientation-, in turn guide the strategic choices of the firm in many domains.

Seminal work was done by Venkatraman (1989), who carefully considered the nature of strategic orientation, conceptualised its component parts as having as many as six dimensions. These dimensions are the guiding principles of managers in developing appropriate strategies when facing opportunities in their market and organisational environment. Subsequently, scholars have researched the impact these dimensions have on export performance in developing economies (Jalali, 2010; Matanda & Freeman, 2009).

Lau and Bruton (2011) added clarity to these dimensions as follows:

<b>(1) Aggressiveness</b> ’ or the willingness of the business to take actions to improve the market position of the firm.
<b>(2) Analysis</b> ” or the efforts of the firm to have internal consistency in achieving the firm’s stated objectives.
<b>(3) Riskiness</b> ” the dimension which describes how much risk the firm can tolerate.
<b>4) ‘Futurity</b> ” or the orientation towards the future
<b>(5) Proactive</b> ” the firm is in its strategic actions
<b>(6) Defensiveness</b> ” the opposite of aggressiveness

Three of the above indicated strategic orientations (aggressiveness, riskiness, analysis) complement each other in that the firm is more inclined to take proactive actions to exploit

new market opportunities (Lau & Bruton, 2011). The immediate outcome of strategic orientation is the firm's strategies. Therefore firms with a proactive and aggressive orientation will develop strategies consistent with that kind of orientation. Sinkovics and Roath (2004) assert that a chosen strategic orientation provides a foundation of guidelines for firms upon which to compete and improve performance.

As pointed out earlier the two focal strategic orientations in this research are EMO and EEO. The latter is an environmental management capability by which firms embark on proactive and aggressive initiatives to alter the competitive landscape to their advantage. The former, in contrast, is an adaptive capability by which firms react or respond to conditions in the market environment (Boso *et al.*, 2012). These strategic orientations are approached in this research from the international business perspective. May and O'Neill (2012) posit that "Firm-specific and entrepreneurial factors are the internal forces that influence a firm's decision to internationalise and are also important determinants of the firm's international marketing strategy that would ultimately affect its performance in international markets" (p.24) .

Strategy and marketing literature also suggests that although entrepreneurial orientation and market orientation can drive business success individually, the two orientations also complement each other (Atuahene-Gima and Ko, 2001; Baker & Sinkula, 2009; Bhuiyan *et al.*, 2005). Their joint implementation brings more positive outcomes to firms. In this respect, a growing body of research suggests that market-driving behaviours, such as those inherent in a firm that has strong EEO, and market-driven behaviours, such as those fundamental to a strong EMO, are complementary strategic orientations that should be pursued simultaneously for a synergistic outcome (Atuahene-Gima & Ko, 2001; Baker & Sinkula, 2009; He & Wong, 2004).

### **2.2.2 Application of EMO**

As indicated in the glossary of terms, EMO is defined as the (1) the generation of market intelligence pertinent to the firm's exporting operations, (2) the dissemination of this information to appropriate decision makers, and (3) the design and implementation of responses directed towards export customers, export competitors, and other extraneous export market factors which affect the firm and its ability to provide superior value for export customers (Boso *et al.*, 2012). This definition aligns with and is a subset of the analysis, futuristic and proactive dimensions of the strategic orientation definition.

The different components of export market oriented behaviour are inter-related, but are qualitatively distinct. Export intelligence generation concerns the activities associated with generating information about the firm's export customers' current and future needs and wants, competition in the firm's export markets, and other exogenous factors (such as technological and regulatory developments); export intelligence dissemination concerns the formal and informal information exchanges which allow the information generated to reach appropriate export decision-makers; and export market responsiveness is the design and implementation of strategies and tactics in response to changes occurring in the firm's export markets.

EMO is the focus of much research (Cadogan *et al.*, 2010; Racela *et al.*, 2007). This includes research into EMO presenting valid measures of the construct (Cadogan *et al.*, 2009), identifying antecedents to EMO (Cadogan *et al.*, 2006), and the consequences of EMO. Kropp *et al.*, (2006) as well as demonstrating that EMO can be used as a key strategy to achieve higher export performance (Boso *et al.*, 2012; Cadogan *et al.*, 2009). Some studies reveal a significant direct effect of EMO on export performance (Kropp *et al.*, 2006), while others report both significant and non-significant results in their research investigation (Akyol and Akehurst, 2003; Cadogan *et al.*, 2002). In addition to these results, another stream of research suggests that the effect of EMO on performance is indirect (Cadogan *et al.*, 2003). The impact of EMO on export performance may also be mediated by a firm's cooperation relationship with overseas distributors (Racela *et al.*, 2007). Besides the mediation effect, prior research suggests that the impact of EMO on export performance is likely to be a function of environmental features, such as the competitive and technology contexts the firm operates in (Cadogan *et al.*, 2003). Recent research indicates that a firm's managerial ties may also facilitate the implementation of EMO practice (Luo *et al.*, 2008). In a study of foreign firms operating in China, Li *et al.* (2009) report that foreign firms can utilise the information and intelligence they acquire from their manager's ties with other businesses to strengthen their competitive positions in the market. .

Recent research reports varied effects for the three EMO components on export performance. Boso *et al.*, (2012) asserts that responsiveness is suggested to have a significant effect on export performance while the effects of intelligence dissemination and generation on performance are either nonexistent or not conclusive. Therefore, in addition

to modelling EMO as a composite, it is vital to examine the effect of individual EMO components in exporting research (Murray *et al.*, 2007).

The traditional view is that the EMO construct is related to export success (Cadogan, Kuivalainen, & Sundqvist, 2009; Kirca & Hult, 2009), although recent evidence suggests a non-linear relationship (Cadogan *et al.*, 2009), indicating that the true nature of the relationship between export market orientation and export success is still not fully known.

Additionally, market-oriented firms act strategically to improve market position by pre-empting rivals' competitive actions and changes in the export market environment (Kwon, 2010). Cadogan *et al.* (2009) argue that export market oriented behaviour enables firms to be more effective in tailoring and adjusting their marketing strategies to suit specific export markets.

Boso *et al.* (2012) assert that if a firm consistently identifies and responds to customers' needs and preferences and is able to anticipate future needs and preferences, it will be in a better position to satisfy customers and perform well against competitors.

### **2.2.3 Application of EEO**

As indicated in the glossary of terms, EEO is defined as “the processes, practices and decision making activities that lead to a new entry into the market” (Memili, Lumpkin, & Dess, 2011 p. 130). EEO is an export market-driving and exploratory behaviour that comprises five core dimensions (1) export product innovativeness (2) export risk-taking (3) export market proactiveness (4) export competitive aggressiveness (5) autonomous export behaviours (Boso *et al.*, 2012). This definition aligns with and is a subset of the riskiness, futuristic and proactive dimensions of the strategic orientation definition.

The broader international business literature recognises that firm entrepreneurial behaviour is a potentially critical determinant of international business success (Kuivalainen *et al.*, 2007). EEO is a market-driving behaviour that gives exporters the capability to differentiate themselves from export competitors by taking calculated risks to proactively introduce new and innovative products, using unique knowledge and technology (McDougall *et al.*, 2003). By offering differentiated new products exporters gain positional advantage relative to competitors. “international entrepreneurship is a combination of innovative, proactive, and risk-seeking behaviour that crosses national borders and is intended to create value in organisations” (McDougall & Oviatt, 2000, p.

903). In another study, Ibeh and Young (2001) developed an export-entrepreneurial orientation construct and found that high export-entrepreneurial firms are more innovative in developing export, less averse to exporting risk, and are more proactive. Some exporting firms are active and other passive in their international strategies. Although these studies deal with entrepreneurial firms the individual entrepreneur is not studied in depth.

On the one hand, EEO is a market-driving behaviour that gives exporters the capability to differentiate themselves from export competitors by taking calculated risks to proactively introduce new and innovative products, using unique knowledge and technology (Covin and Miles, 1999; McDougall *et al.*, 2003). On the other hand, EMO is a market-driven behaviour that provides exporters with the capacity to respond to export customer needs and preferences by offering superior value to those customers. The export literature echoes this view (Boso *et al.*, 2012).

### **2.3 Combined Effects of EMO and EEO**

EMO and EEO have overlapping, but distinct domains (Baker & Sinkula, 2009). Scholars assert that EMO is posited to reflect the extent to which firms establish the satisfaction of customer needs and wants as an organising principle of the firm. EEO is posited to reflect the extent to which firms establish the identification and exploitation of untapped opportunities as an organising principle of the firm.

EEO and EMO are intangible market-based resources embedded within exporters from which the firms can develop successful innovative products to generate positional advantage and eventual export success (Hunt and Morgan, 2005; Makadok, 2010). Thus, EEO and EMO provide exporters with competitive advantage because these resources are rare, flexible, valuable, imperfectly imitable, and are 'socially complex in their structure, and have components that are highly interconnected with significant tacit dimensions' (Hunt and Morgan, 1995: 13).

Export entrepreneurial and market orientations are the focus of growing scholarly interests. On one hand, an entrepreneurial orientation relates to the practices, methods and decision-making styles that managers use to act entrepreneurially (Memili, Lumpkin, &

Dess, 2011) (Lumpkin & Dess, 2006); and in the context of export operations, it captures how firms compete in foreign markets (Balabanis & Katsikea, 2011).

The literature suggests that there is a perceived tension between EEO and EMO: whereas EEO is focused more on exploratory and newness activities, EMO is more of an adaptive activity (He & Wong, 2004; Hughes *et al.*, 2007). However, the literature points to several drawbacks associated with over-investment in either of the two capabilities to the exclusion of the other (Baker & Sinkula, 2009; Hughes *et al.*, 2007). To illustrate, Tuominen, Rajala, and Moller (2004) and more recently Hughes *et al.* (2007) assert that too much focus on explorative entrepreneurial zeal can disrupt firms' existing capabilities, if such exploratory activities fail. On the other hand, too much focus on market-driven and exploitative operations might foster structural inertia and cause firms to be trapped by the tyranny of the current customer (Hughes *et al.*, 2007). Accordingly, scholars suggest firms must pursue a strategic business logic that counterbalances market-driving exploratory capabilities with market-driven exploitative competences (Boso *et al.*, 2012).

The call for firms to seek greater complementary effects between their market-driving capabilities (EEO) and market-driven capabilities (EMO) is consistent with the Firm-specific ambidexterity logic and dynamic capability theory. Firm-specific ambidexterity requires firms to seek strategic synergy by internally integrating exploratory and exploitative activities (Gibson & Birkinshaw, 2004; Raisch & Birkinshaw, 2008). Dynamic capability theory asserts that sustainable performance is achieved when firms are able to seek greater strategic integration between multiple resources (Hung, Yang, Lien, McLean, & Kuo, 2010). Resource-based theory also holds that accumulation of valuable resources is not enough to support a sustainable competitive advantage in an increasingly competitive global market environment (Makadok, 2001). Scholars argue that a competitive advantage comes from firms' capabilities, and their flexibility to constantly support, implement and maintain these capabilities (Wiklund & Shepherd, 2005). Indeed, the dynamic capability logic distinguishes a firm's stock of resources from dynamic capabilities: the former connotes efforts to effectively do what a resource or capability is supposed to do, while the latter suggests an evolutionary ability focusing on effectively making sustainable adaptations in response to environmental variations. Thus, in accordance with the dynamic capability and resource-based theory literature, it is posited by Voss and Voss (2012) that strong business development capabilities will provide firms with the capability to implement entrepreneurial-oriented and market-oriented strategies,

and maintain those entrepreneurial and market-oriented plans better than less financially resourced counterparts. Resource rich firms do not need to choose strategies that are less than optimal, but cheaper to implement (Voss, Sirdeshmukh, & Voss, 2008). Instead, firms with slack business development capabilities can choose strategic options that are more resource demanding, but that ultimately provide greater chances of success (Lin & Liu, 2011; Voss *et al.*, 2008). The literature suggests that implementation of EEO and EMO is expensive (Cadogan *et al.*, 2009), and they are resource demanding activities (Baker & Sinkula, 2009; He & Wong, 2004). Accordingly, as access to financial capital becomes limited, firms may take shortcuts to execute and sustain the quality of their entrepreneurial-oriented and market-oriented strategies, resulting in lower chances of success (Wiklund & Shepherd, 2005).

On the other hand, a strong EMO without a strong EEO may facilitate a focus on customer satisfaction, but not necessarily an ability to aggressively pursue new market opportunities. This may lead to an overemphasis on incremental innovations, or worse, an emphasis on mimicking the successful product, customer service, and administrative support systems of others rather than the pursuit of new, differentiating alternatives.

Such practices may make it difficult for small firms to build a market presence in the face of large competitors, and at the same time may render them vulnerable to aggressive small firm competitors harnessing innovative approaches. The distinguishing characteristic of EMO is not simply tracking product preferences, scanning the external market environment, or sharing customer information. It is the commitment to respond to customer wants with the objective of maximising customer satisfaction. The distinguishing characteristic of EEO is not just the pursuit of innovation, but a commitment to proactively pursue new opportunities regardless of the behaviour of competing firms (Baker & Sinkula, 2009).

According to this body of literature, exploration and exploitation are inseparable, interdependent and complementary learning processes that, if strategically executed simultaneously, can produce synergistic results. Dynamic capability can be achieved if firms' exploratory and exploitative activities are strategically integrated (O'Reilly & Tushman, 2008; Weerawardena, Mort, Liesch, & Knight, 2007). The reasoning is that dynamic capability entails a blend of differing business logics: market-driving exploratory logic and market-driven exploitative thinking. Scholars argue that exploitation of existing

market-focused capabilities is often required to develop new market-altering capabilities, and explorative capacity is often needed to leverage existing market intelligence. Building on this logic, this study argues that greater levels of EMO might act to strengthen the impact of EEO on EBD performance (Kocak & Abimbola, 2009). Competitively aggressive behaviour is carefully and realistically focused, and the maverick-like behaviour of export personnel is well targeted at export customer needs and preferences.

## **2.4 Application of Business Development Theory**

As indicated in the glossary of terms, business development is defined as a capability comprised of routines and skills that serve to enable growth by identifying export opportunities and guiding the deployment of resources to extend the business's value-creation activities into market areas that are relatively new to the business (Davis & Sun, 2006). Business development practices are a subset of new business formation practices, a variety of corporate entrepreneurial behaviour. Business development has been recognised by scholars as the stimulant for economic growth. Fyrpil (2012), asserts that It provides a solution to social challenges such as unemployment through “increasing the profitability and growth of business; partnering with the customers; generating a steady flow of new business to the firm in different ways evaluating and exploiting these opportunities; both external and internal” (p.17).

Business development is a corporate entrepreneurial capability (or competence) that has emerged in the exporting industry to support that industry's practice of co-creation of value with customers. Practices that contribute to new business formation are called a variety of names—corporate venturing, corporate entrepreneurship, intrapreneurship, new product development, commercialisation, or business development —depending on when they take place in the life cycle of the firm or the product, the actors that carry them out, the extent of risk or novelty that they entail, and whether they involve the creation of new internal or external business units (Davis & Sun, 2006). New business formation activities vary in complexity and formality from day-to- day entrepreneurial or customer prospecting activities to highly structured approaches to new product development, forming alliances, and venturing.

Business development aims to create growth through expansion or extension of existing product-markets (or their service equivalents) or through development of product-markets

or services that are new to the firm. Business development capabilities are especially important in exports, where successful firms typically generate half or more of their revenue from products introduced within the past few years. The business development capabilities of such firms are critical growth enablers. Despite the importance of business development capabilities in firm growth processes, these capabilities have not been well described in the management literature.

As a set of practices that link the firm's value creating processes with its external environment, business development capabilities are a key factor in the success of exports. The principal business development functions are finding profitable opportunities in business networks, developing and maintaining partnerships, providing support for new product development, and recognising and responding to customer needs.

## **2.5 Application of EMD**

An important theme in the literature refers to the need to analyse the extent to which environmental factors affect the long-term performance of products (Baker and Sinkula, 2009; De Jong and Vermeulen, 2006; Freel and Robson, 2004; Morgan-Thomas and Jones, 2009). Scholars argue that although globalisation has created greater homogeneity in world markets, it is equally true that the behaviours of consumers and competitors in different export markets are diverse and dynamic (Leonidou *et al.*, 2002; Yenyurt and Townsend, 2003).

To some extent the growth of the firm will be determined by the growth opportunities in the firm's markets. Changes in the business environment can offer new growth opportunities (Drucker, 1985). A dynamic environment is likely to generate opportunities, which the growth-oriented businesses can take advantage of (Covin & Slevin, 1991; Zahra, 1993). In their study of independent Swedish small businesses, Wiklund and Shepherd (2003) found that environmental dynamism magnifies the effect the managers' growth aspirations have on the realisation of growth. The less growth-oriented businesses, however, are less alert to opportunities in dynamic environments and can thus even face negative growth in such environments (Wiklund & Shepherd, 2003). Hay and Kamshad (1994) have also found that growth aspirations differ across external environments, like across different industries.

However, in testing the notion that entrepreneurial orientation is associated with export success among firms operating in turbulent environments relative to firms operating in benign environments, the Robertson and Chetty (2000) report states that while entrepreneurial exporters outperform conservative exporters in turbulent environments, the reverse is true in benign environments. Yet, other researchers have been unable to find evidence to support the view that entrepreneurial posturing is more beneficial in turbulent environments (Balabanis & Katsikea, 2003; Kropp, Lindsay, & Shoham, 2008). Thus, it remains unclear what the exact nature of the relationship between entrepreneurial orientation and export success is.

It is believed that different growth patterns require different sets of resources and capabilities, and that firms' external environment may have an effect on the chosen growth strategy. For example, in growing markets it is relatively easier to increase sales volume, especially if the competition is limited. Increase in volume can thus be achieved by simply selling more to current customers or to new customers. Whereas increasing market share may require firms to make more effort. Additionally, it is proposed in literature that different dimensions of EEO and EMO behaviours may relate differently to growth orientation patterns. EMO is generally believed to have a positive effect on firms' profitability (Greenley, 1995; Jaworski & Kohli, 1993; Slater & Narver, 1994b), and conceptually market-oriented behaviours are based on understanding customer needs. Thus, market-oriented behaviours may be more critical for firms whose growth aspirations relate profitability and volume. However, EMO is believed to be especially beneficial for firms seeking growth. It is assumed here that proactiveness and competitive aggressiveness could be essential if firms are looking for new market entries or increases in market shares.

Research shows that entrepreneurial opportunities are often most prevalent in dynamic and changing environments (Covin and Slevin, 1991). Indeed, entrepreneurship theory holds that EEO is predicated on the notion of change and the tendency to revolutionise and reset the basis of competition in an industry (Covin and Miles, 1999; Lumpkin and Dess, 1996). As such, it can be argued that the capacity for firms to cause significant upsets in export markets and benefit continuously from such an upset is dependent on consumers' willingness to change. In other words, where consumers are unwilling to adopt new entrepreneurial innovations (i.e. consumers are conservative about their consumption patterns), it is most unlikely that the entrepreneurial efforts of firms will yield new positive

EBD performance outcomes. However, Wiklund and Shepherd suggest that in dynamic environments where demand constantly shifts, opportunities become abundant and performance should be highest for those firms that have an orientation for pursuing new opportunities because they have a good fit between their strategic orientation and the environment (Wiklund & Shepherd, 2005 p. 77) Therefore, when markets are dynamic, new business opportunities are plentiful, and the firms that are the most nimble, better able to shape new markets, and outsmart competitors (i.e. entrepreneurially-oriented firms) are the best placed to uncover unmet needs within existing or new market segments and to satisfy those needs with superior offerings (Jaworski *et al.*, 2000).

Thus, Boso et al (2012) argue that the success of an entrepreneurial-oriented strategy will be more substantial in more dynamic export markets. There is a gap in the literature on the extent to which the strength of the relationship between the combined effect of EMO, EEO and EBD performance is moderated by the level of EMD. Cadogan et al (2005) argue that export market oriented behaviour may have less utility when export customers, their needs and requirements, and the factors affecting those needs and requirements are static and predictable because only minor adjustments to the marketing mix are needed to service these stable preferences (Cadogan et al, 2009, p.75). More generally, research tends to suggest that market orientation benefits are most obvious when environments are volatile, since market-oriented behaviours ultimately focus on learning about and adapting to environmental changes and diversities.

## 2.6 Summary

The importance of internationalisation has been recognised in South Africa and sub-Saharan Africa in general. Given that the internal domestic market of the African continent is too small to propel firms' growth, it is therefore important that achieved through enhancing the strategic orientation capabilities of business developers to manage the complexities involved in EMO which tends to recognise and respond to changes in export customers' needs and preferences, and to export competitors' strategies (Kropp *et al.*, 2008).

Strategic Orientation is a "cognitive understanding and interpretation of the external environment and internal resources" (Lau & Bruton., 2011, p. 372). It is made up of five dimensions, namely aggressiveness, analysis, riskiness, futurity, proactiveness, and

defensiveness. These dimensions are the guiding principles of managers in developing appropriate strategies when facing opportunities in their market and organisational environment. Furthermore, these dimensions inform two distinct yet overlapping orientations – EMO and EEO.

The literature suggests that there is a perceived tension between EEO and EMO: whereas EEO is focused more on exploratory and newness activities, EMO is more of an adaptive activity (He & Wong, 2004; Hughes *et al.*, 2007). However, the literature points to several drawbacks associated with over-investment in either of the two capabilities to the exclusion of the other (Baker & Sinkula, 2009; Hughes *et al.*, 2007).

Scholars argue that the value of the two strategic orientations must not be viewed in isolation, and that there may be a need for firms to combine the two orientations to achieve synergistic outcomes (Atuahene-Gima & Ko, 2001; Hult & Ketchen, 2001).

To some extent the growth of the firm will be determined by the growth opportunities in the firm's markets. Changes in the business environment can offer new growth opportunities (Drucker, 1985). A dynamic environment is likely to generate opportunities, which the growth-oriented businesses can take advantage of (Covin & Slevin, 1991; Zahra, 1993). Literature indicates that different growth patterns require different sets of resources and capabilities, and that firms' external environment may have an effect on the chosen growth strategy. The next section outlines the propositions which inform the investigation into firm-specific resources and capabilities pertaining to EMO and EEO to determine their impact on EBD performance.

### **3. CHAPTER 3: RESEARCH PROPOSITIONS**

#### **3.1 Introduction**

In this chapter it is proposed that the EBD performance may be dependent on managerial strategies that drive EMO and EEO behaviours as well as external environmental factors of EMD.

In line with literature, the primary objective of the research is to study the EMO and EEO of business developers in South African export firms. This is in order to determine the role these two strategic orientations have on EBD performance using the assessment instrument developed by Boso et al (2012). The secondary and complimentary objective of this research is to study the impact of market dynamics on EBD performance as indicated by customer preferences and competitive intensity. Research propositions were developed in order to explore Boso et al (2012) model empirically in another emerging economy, namely South Africa. Furthermore, this research examines the impact of intra-business conditions of firm size as well as ownership status on the combined effect of EMO, EEO and EMD.

Research propositions are defined as “statements concerned with the relationships amongst concepts” (Nonyane-Mathebula, 2010, p. 39). In view of the literature that suggests a specific well understood ambidextrous relationship between EMO, EEO and EMD, the use of research propositions is appropriate for this study. Based on the literature review, particularly based on work by Boso et al (2012), the following propositions are derived and will be researched.

### **3.2 Research Proposition One**

EMO, EEO and export market dynamics scales are applicable for the assessment of business developers in South African export firms.

### **3.3 Research Proposition Two**

EBD performance is dependent on the strategic orientation of EMO and EEO behaviours

### **3.4 Research Proposition Three**

There is a positive impact of market dynamics on EBD performance as indicated by customer preferences and competitive intensity.

The next proposition is concerned with the generalisability of the research findings.

### **3.5 Research Proposition Four**

There is a difference in the extent to which export firms in Ghana Boso et al (2012) as opposed to South Africa are able to leverage the full potential of the combined effects of EMO, EEO and EMD

### 3.6 Summary

These research propositions will form the basis for statistical testing to reveal whether a relationship exists between EMO, EEO and EMD in South African export firms. As alluded to above and based on the literature, it is expected that firstly, the two strategic orientations will have correlation. In a multiple regression analysis, EMO contributed significantly positively ( $p > .01$ ) and EEO contributed less significantly positively ( $p > .05$ ) to the prediction of EBD performance as a dependent construct. Secondly, Ghanaian exporters that achieve a balance between their EMO and EEO resources performed better than counterparts that fail to take advantage of the synergy between these two strategic aspects (Boso *et al.*, 2012). This will be tested for general applicability in the South African export context. Thirdly, the more dynamic export customer behaviours and competitor actions are, the greater the synergistic impact of EMO and EEO (Boso *et al.*, 2012). This synergistic impact will be statistically tested to reveal whether EBD performance is enhanced as export EMO and EEO levels increase. Finally, the background indicators of owner-managed versus employee-managed firms as well as company size will be assessed on the effect they have on the combined effect of EMO, EEO and EMD.

The next section outlines the methodology to be applied in order to achieve these stated research propositions.

## **4. CHAPTER 4: RESEARCH METHODOLOGY**

### **4.1 Introduction**

The objective of this research was to examine the interactive effect of EMO and EEO on EBD performance, using the assessment instrument developed by (Boso *et al.*, 2012). The secondary objective was to determine whether the levels of customer preferences and competitive intensity in the export market environment enhance or impede the complementary effect of EMO and EEO on EBD performance.

The applicability of the assessment instrument was evaluated to determine whether the EMO, EEO and EMD scales were valid for South African export business developers. This was in order to compare the findings of the study conducted by Boso *et al.* (2012) on the export sector in Ghana to another emerging economy, namely South Africa.

The methodology describes the manner in which the research process was conducted and states what the limitations were. This section also provides the rationale for choosing a specific type of research method. The research methodology chapter has six main components namely, research design, justification of research design, research method, instrument design, data analysis and research limitations.

### **4.2 Research Design**

The research design is the method and structure by which the research was conducted in order to obtain answers to the research problem. The research design emanated directly from the research objectives indicated in Chapter one. It also outlines how the research was achieved (Saunders & Lewis, 2012). This is a descriptive quantitative study which was conducted by means of a survey research design. According to Kerlinger and Lee (2011) survey research is useful in studying the relative incidence, distribution, and interrelations of behavioural variables.

### **4.3 Justification of Research Design**

Descriptive quantitative research is defined as a type of research which involves either identifying the characteristics of observed phenomenon or exploring possible correlations among two or more phenomena (Leedy & Ormrod, 2001). Zikmund (2003) further

asserted that a quantitative study seeks to determine the quality or extent of some phenomenon in the form of numbers.

Descriptive quantitative research was appropriate to this study as it enabled the correlations between the performance of business developers with EMO, EEO and EMD to be substantively examined. Boso et al (2012) study discovered that exporters who achieve a balance between their entrepreneurial and market-oriented capabilities perform better than counterparts that fail to take advantage of the synergy between the two strategic orientations. This study verified something that is already formulated by combining the scales of three models developed by Boso et al (2012) into one model and tested this in the South African export context. Additional new questions pertaining to the EBD constructs were added to the assessment instrument.

In this study, participants were pre-selected and classified according to the extent to which they exhibited business development behaviour in export markets. This was achieved through filtering their designations through the export business developers definition indicated in the glossary of terms. These respondents were deemed appropriate for this research as they had the requisite knowledge and influence in the firm.

As indicated in the literature review, business developers are the firm's agents for product-market expansion or extension who link the firm to its external environment in the early stages of product and service innovation; the acquisition and management of market and customer knowledge; and guide the firm in the generation of variety (Davis & Sun, 2006). The literature also indicated that descriptive studies should be based on some previous understanding of the nature of the research problem. With reference to this research, the literature review presented in Chapter two gave a detailed explanation of the prevailing established understanding. This grounding was then harnessed to formulate, the research propositions in Chapter three capturing assertions based on well researched EBD performance, EMO and EEO dimensions and documented findings (Burgers, 2008; Boso *et al.*, 2012; Davis and Sun, 2006). In view of the above, a quantitative research method was deemed appropriate for this study.

## 4.4 Research Method

A self-administered electronic survey in the form of a questionnaire was distributed to the chosen sample. The study was a cross-sectional study as export business developers were sampled during a single period in time. Zikmund (2003) advocates that surveys attempt to describe a characteristic in terms of “what”, “who”, “when”, “where”, “how” and/or to quantify certain factual information. In view of the above, EBD performance, EMO, EEO and market dynamics quantify factual information.

The specific statistical tests that were run were Cronbach’s alpha, Pearson correlation and multiple regression analysis. The purpose of using this type of analysis was to verify the validity of the assessment instrument. Additionally, describe the strength and the direction of a linear relationship between one dependent variable, EBD performance and three independent variables being in this case, EMO, EEO and EMD (Albright *et al.*, 2009).

In order to determine how particular EMO and EEO characteristics changed in relation to EBD performance improvements as well as the combined effects of these two strategic orientation variables on EBD performance, multiple regression analysis was used. The study also tested the degree to which EMO and EEO are inter-correlated by computing a specific coefficient. The results were transcribed onto Statistical Package for the Social Sciences (SPSS) tool version 20. A regression analysis, scatter plot and the correlation was determined to give the data meaning.

### 4.4.1 Population

Several scholars have proposed incremental definitions of the term population that are relevant to this study. A population is said to consist of all entities of interest in a study (Albright *et al.*, 2009). An expansion on this highlights that a target population is “the specific, complete group relevant to a project from which inferences can be drawn” (Zikmund, 2003, p. 18).

The population universe for this study was all business developers who work in South African export firms which are registered on the DTI export council database. They comprised of CEOs, executives, business developers, international sales managers and traders in primarily the mining, fresh produce, electro technical, healthcare, automotive, oil & gas, steel, consulting services as well as other sectors.

Various industry sectors have organised themselves into export councils to tackle the global marketplace as collective forces. Export councils are promoted and supported by the DTI as they help exporters develop strategies, and reach their target markets as well as meet their export targets. The DTI export council has 473 export firms on its database. The DTI database was used to draw a viable sample of export firms for this study.

From the 473 export firms on its database, 279 had no accessible e-mail addresses. These companies were immediately excluded from the study as they could not be reached. This left a population size of 194 export firms from whom to draw a sample.

#### **4.4.2 Unit of Analysis**

The unit of analysis was the individual export business developer whose designation was successfully filtered through the export business developer definition as indicated in the glossary of terms. This was appropriate because each business developer completed a section of the questionnaire indicating which evaluated their knowledge and accuracy of their input as research participants. Furthermore, their individual EBD performance, EMO, EEO and market dynamics information was measured and analysed. Export business developers are appropriate for this research as they have the requisite knowledge and influence in their firms regarding the subject matter of this study.

#### **4.4.3 Nature of Sample, Sampling Technique and Sampling Criteria**

This study used non probability sampling which is cited by Zikmund (2003) as being a technique in which the probability of any particular member of the population being chosen is unknown. More specifically convenience sampling was used to obtain those business developers most conveniently available. The benefits of this include selecting appropriate research participants who are easiest to get hold of for the sample as well as the ability to obtain a large number of completed questionnaires quickly and economically (Saunders & Lewis, 2012; Zikmund, 2003).

The invited participants were monitored for response and those who had not responded within 10 days of being invited to participate were sent electronic reminders. Non

responses after 10 days of being reminded to participate were an indication to exclude the respondent from the sample and to trigger the selection of a new target respondent. Snowballing, a non-probability sampling technique was then used as a contingency to identify previously unselected replacement respondents from the same sample pool in a bid to ensure that a representative number of responses were captured from target business developers in the South African export sector. Existing study participants recruited potential participants from among their acquaintances. Zikmund (2003) advocates that snowball is an appropriate sampling technique used to locate members of rare populations.

An additional contingency employed was an e-mail request with a note in bold letters requesting individuals to send the questionnaire to other individuals in their networks. The sampling frame consisted of all firms that are members of South Africa's export councils, industry associations and joint action groups and have employees or owners who comply with the definition of the population group.

#### **4.5 Research Instrument Design**

The assessment instrument for the research is comprised of five sections, background information, the EBD dimensions, the EMO dimensions, the EEO dimensions and market dynamics section. The assessment instrument details are discussed below and the actual instrument (Refer to Appendix 9.1).

A structured assessment instrument developed by Boso et al (2012) was adopted in line with the research objectives. The items included in Boso et al (2012) questionnaire but not relevant for this study were excluded. Instead, additional questions were included pertaining to EBD performance. The following specific aspects were addressed as conceptual themes in drafting the respondent questionnaire :

- Does the questionnaire developed by Boso et al (2012) have applicability in another emerging economy, namely, South Africa?
- What are the EMO and EEO behaviours of business developers in South African export firms?
- To what degree do market dynamics enhance or hinder EBD performance in international markets?

- Are there differences between the combined effects of EMO, EEO and EMD of business developers who:
  - Own the business as opposed to being employees
  - Export of products as opposed to services in international markets
  - Work in a large firms as opposed to SMEs
  - Are domicile in Ghana as opposed to South Africa

#### **4.5.1 Characteristics of the Sample**

The sample characteristics section comprised of five elements. These comprised of firm background questions that were included for the purpose of understanding the nature of the sample. Additionally questions to determine the size of the firm in terms of number of employees and annual turnover were incorporated. The dominant international markets that the respondents export to as well as the number of years the firm has been exporting were integrated in order to determine the market dynamics in that particular export market.

A series of item scales were identified in the literature review as important variables influencing export marketing performance. These were: number of consecutive years in export, firm class size, investment commitment, competitive intensity, committed management, and whether management engages in strategic orientation planning (May & O'Neill, 2012).

Participant knowledge was determined by asking the respondents to indicate the extent to which they were knowledgeable about their firm's overseas export activities on a five-point Likert scale.

#### **4.5.2 EBD Performance Scale**

EBD performance scales were adapted from the literature review. This section comprises of four items, namely, ability to grow export revenue, implement profitable opportunities, maintain partnerships, recognize new customer needs, and respond to new customer needs. The validity and reliability was determined using citations from previous research and Cronbach's alpha.

Each item used a five-point Likert scale format ranging from one 'not at all' to a five representing 'significantly exceed expectations' which was used as a measure of relative performance levels. The questions asked respondents to compare their firm to the strategic objectives. The construct was labelled export business development

performance. Cronbach's Alpha was utilised to establish the presence of multidimensionality of the construct. The four dimensions that emerged and the scale had an overall reliability of  $\alpha = 0.76$ . This construct was labelled "EBD performance."

#### **4.5.3 EMO, EEO and EMD Research Scales**

Drawing on Boso et al (2012) the measures for EMO and EEO are sourced from their empirical study which explored how EEO and EMO act to drive the performance of firms' product innovations in their export markets. Their study attests that EEO behaviour is more likely to be a driver of success when market orientation behaviour is strong (Boso *et al.*, 2012). They have further cited that this joint effect is more substantial when market dynamism is strong. The constructs were measured by asking respondents 12 questions relating to each dimension - proactiveness, innovativeness, competitive aggressiveness, autonomous and risk taking behaviour. Each dimension included four items, for example in the case of the innovativeness dimension, the respondents were asked to compare to others in the industry how their company emphasized being first to the market with innovative new products/services; developed new processes; recognised and developing new markets; and maintained a leading edge in technology. Each of the twelve items used was based on a five-item scale from one representing 'strongly disagree' to seven representing 'strongly agree'.

#### **4.5.4 EMD**

The literature review revealed that market dynamism factors are the degree of variation in competitors' product strategies, changes in competitors' market strategies and changes in export customers' buying behaviours (Boso *et al.*, 2012). These factors act as enhancers or inhibitors of EBD performance. In order to create a context for interpreting and analysing this study, a pre-tested structured assessment instrument developed by measuring these objectives was adopted to include dimensions of business development performance. The items included in Boso et al (2012) questionnaire with aspects not relevant for this study being deleted.

### **4.6 Data Analysis**

The following describes the data collection and analysis process, the statistical tests which were performed and the basis for analysing and presenting the results.

#### 4.6.1 Pre-Testing

Zikmund (2003) advocates that pre-testing a questionnaire using a sub-sample may determine whether the data collection plan for the study is appropriate or not in terms of length of questions, confusing interview instructions and field errors. Pre-testing is particularly important for self-administered surveys like this research because good results are dependent on the clarity of written word rather than on interview skills **Invalid source specified.**

Four business developers from the fresh produce export and steel fabrication sectors from the population were requested to complete the questionnaire during the pre-testing, they all provided their feedback and the questionnaire was amended prior to sending it to the entire sample.

#### 4.6.2 Data Collection

The research used a questionnaire with five main sections. The first section was ascertaining the export business developer, firm background / profile information and the context in which they operate. The second section was to establish whether the export firm has EMO. Section three was to determine the extent of their EEO. The proceeding sections addressed EMD and finally participant knowledge. A copy of the questionnaire was e-mailed to each member.

A Likert scale was used to generate data for four of the five sections. Once the data was collected, descriptive statistics such as mean and standard deviation were tested on the sample. A Pearson correlation was run to understand the positive or negative impact of EMO and EEO on EBD performance under EMD. Correlation analysis can be used to either understand how the world works or for prediction (Albright et al, 2009). A multiple regression analysis was performed. These variables were used to understand the nature of the correlation and the relationship between the dependent and the independent variable. .

Data was gathered using an adapted questionnaire originally developed by (Boso *et al.*, 2012). Additional questions were incorporated into the questionnaire for the EBD performance scales. The resulting captured respondent poll was made up of 46 business developers from a population of 194 and represented a response rate of 24 per cent. This was deemed an adequate sample with which to conduct statistical analysis and from which the inferences for this report were drawn. There were 12 questionnaires which were

discarded, owing to errors and being incomplete. Although the sample was smaller than the Boso et al (2012) Ghana study which had 164 exporters, the sample size is within the response rate range of similar studies (Beck, Janssens & Debruyne., 2011; Boso *et al.*, 2012; Chung, 2011; Lechner & Gudmundsson., 2012)

Table 5-2 in the subsequent chapter shows the number of export business developers who commenced the survey but did not complete certain questions within a particular construct. Questions relating to EBD performance were mostly answered (as represented by a 95 per cent of responses), followed by export market orientation (92 per cent), while entrepreneurial orientation is at 83 per cent and EMD at a level of 80 per cent. This implies the integrity of the respondents who were determined only to complete questions they had knowledge of or behaviours they were exhibiting in their daily activities. Morgan et al (2003) were cited to state that participant knowledge was determined by asking the respondents to indicate the extent to which they were knowledgeable about their firm's overseas export activities on a five-point Likert scale (Boso *et al.*, 2012). The participant knowledge had the highest percentage of non-responses. This implies that the qualifying question was a good way to filter out irregularities in the value of the responses. Literature indicates that participant knowledge as evaluated by each participant should not be used exclusively to determine participant competence. This implies that the interpretations from self-evaluation questionnaires tends to be too subjective and insufficiently backed by concrete evidence.

A self-administered electronic survey in the form of a questionnaire was distributed to the chosen sample. Scale reliability testing was conducted to confirm that the choice of scale was accurate for use in the context of the study. Cronbach's Alpha was computed for all the variables in each construct to assess the internal consistency between the variables in each construct. Cronbach's Alpha is the most common measure of internal consistency among a set of indicators, variables or questionnaire items to determine the reliability of an ordinal scale. It ranges from a value of 0 to 1. A Cronbach's Alpha of 0.7 or higher is considered acceptable (Zikmund, 2003). It is advocated that permissible values can be lower than 0.7 but higher than 0.6 in case of a newer scale (Nonyane-Mathebula, 2010).

As alluded to in previous sub-section, the questionnaire comprised of five sections namely the firm background information, the EBD dimensions, the EMO dimensions, the EEO dimensions and EMD.

In line with Zikmund (2003)'s assertion of coding the questionnaire, each item of the questionnaire was assigned an alphanumeric code for example CDEMO1 (represents code EMO 1) which enabled ease of classification, recording and interpretation of data. The questionnaire is included in Appendix 9.1. The data type collected from the firm background information section was categorical data being specifically nominal-level data. Furthermore, metric measurement data particularly ratio-level data such as questions relating to dominant export market and number of years the firm has been exporting was collected. Metric measurement data was collected for the EMO, EEO scales as it featured a Likert scale which is considered to be an interval-level measurement which forms part of a metric measurement (Blaikie, 2003; Nonyane-Mathebula, 2010; Zikmund, 2003). The survey was self-administered and completed responses were collected electronically through respondents selecting the submit button on the Survey Monkey software tool.

#### **4.6.3 Data Editing Process and Procedure**

Each respondent was checked for validity in terms of ascertaining that the respondent formed part of the target population group. The survey participants were not requested to enter personal details to ensure anonymity of the respondents. All valid responses were checked for item non-response, which refers to an item(s) which were not completed or otherwise almost fully completed questionnaire (Zikmund, 2003) cited in **Invalid source specified..** There were no open ended questions. All completed questionnaires were received via Survey Monkey and were summarised onto a single spreadsheet using the codes referred to in the data collection section. The spreadsheet was then taken through statistical testing using SPSS.

#### **4.6.4 Statistical Testing**

For the accuracy of results, (Blaikie, 2003) advocates that it is essential to select a measure of association that is appropriate for the level of measurement of the variables being analysed. For this study four types of statistical testing namely descriptive statistics and reliability testing, regression analysis and differences of means were deemed suitable to achieve the study objectives. The tests are described in detail in the subsequent section. Pearson correlation analysis of the relationship between EBD performance and the two strategic orientations as well as EMD were implemented

#### **4.6.5 Descriptive Statistics**

Descriptive statistics were used to determine the means, standard deviations, distribution frequencies. These are key to any quantitative study and are used to describe the data characteristics.. These statistics are appropriate for categorical and metric measurement data (Zikmund, 2003). Descriptive statistics were appropriate for the purposes of this study because categorical data was collected for the firm background information, metric measurement data for the knowledge of the EBD performance, EMO, EEO and market dynamism sections.

#### **4.7 Reliability Testing**

A reliability test was performed to confirm the validity of the 19 items for EBD performance, EMO, EEO, market dynamism dimensions within a South African context. Reliability refers to the capacity for a measure to produce consistent results (Blaikie, 2003).

Considering that the five EBD performance scales utilised for this research contained five relatively new dimensions which were not part of the original Boso et al (2012) questionnaire, the five EBD dimension scale was considered to be a new scale in this study and the criteria of Cronbach's Alpha of 0.6 was adopted.

#### **4.8 Research Limitations**

The following limitations applied to the study:-

- Snowball sampling technique was used as a contingency to identify previously unselected replacement respondents from the same sample pool in a bid to ensure that a representative number of responses were captured from target business developers in the South African export sector. Existing study participants recruited potential participants from among their acquaintances. This introduced community bias and homogeneity as respondents recruit individuals from their own network of like-minded people. The first participants of a snowball technique therefore may have had a strong impact on the sample.
- Participant knowledge was determined by asking the respondents to indicate the extent to which they were knowledgeable about their firm's overseas export activities on a five-point Likert scale. This introduced self-rating bias, a cognitive bias that causes people to overestimate their positive qualities and abilities and to

underestimate their negative qualities, relative to others. Therefore it is probable that the respondent's self-rating may be higher on a trait than that respondent's actual score. Literature indicates that participant knowledge as evaluated by each participant should not be used exclusively to determine participant competence. This implies that the interpretations from self-evaluation questionnaires tends to be too subjective and insufficiently backed by concrete evidence

- The extent to which the research finds statistical correlation between two characteristics depended, in part, on how well those characteristics had been measured (Leedy & Ormrod, 2001). Furthermore, the limitations of a correlation study are that one can never infer a cause-and-effect relationship on the basis of correlation coefficient alone. The correlation coefficient is therefore merely a signpost to further discovery (Leedy & Ormrod, 2001).

## **4.9 Summary**

This chapter has described the research methodology. The quantitative research was conducted via an online survey tool called Survey Monkey. Existing pre-structured EBD performance, EMO and EEO scales were used to measure the strategic orientation of South African export firms. This was in order to determine the role these two orientations have on EBD performance in international export markets. Literature presented in this section revealed that a quantitative descriptive study was appropriate for this study in which EBD performance, EMO and EEO dimensions and market dynamism are described. Scale reliability testing was conducted to determine whether the choice of scale was accurate for use in the context of the study.

Several limitations applied to the study. These include community and self-rating bias. Furthermore, the limitations of a correlation study are that one can never infer a cause-and-effect relationship on the basis of correlation coefficient alone. The correlation coefficient is therefore merely a signpost to further discovery (Leedy & Ormrod, 2001).

## 5. CHAPTER 5: RESULTS

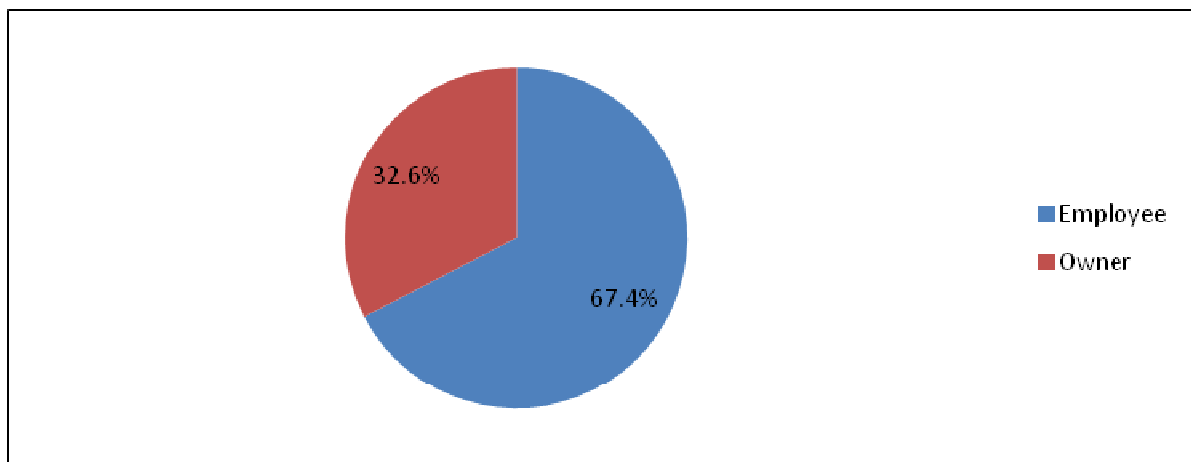
### 5.1 Introduction

The results of the EBD performance as well as the EMO and EEO capabilities of business developers of South African export firms are presented below in two stages. Firstly, the results deal with descriptive statistics, summarised in graphical and tabular form. Secondly, the results of the impact of the combined effects of EMO and EEO within the context of the moderating effects of EMD on EBD performance are presented. Statistical analysis is used to analyse the findings which are presented in the next section.

#### 5.1.1 Background Profile of Respondents

The background profile of the 46 usable responses from a sample of 61 respondents appears in Figure 5-1. The participant ownership status' distribution illustrates that employee-managed export firms were the most represented in the sample at 67.4 per cent. The distribution of the designation of the participants as indicated in Figure 5-2 showed business development managers as the most represented in the sample at 30.4 per cent, followed by Chief Executive Officers (CEOs) at 26.1 per cent and then Executives at 19.6 per cent. The remaining eleven designations represented 23.9 per cent of the respondents. This comprises an equal number of respondents per designation which represents 2.2 per cent or the equivalent of one manager per designate respondent.

**Figure 5-1: Owner-managed vs. employee-managed firms**



**Figure 5-2: Designation of respondents**

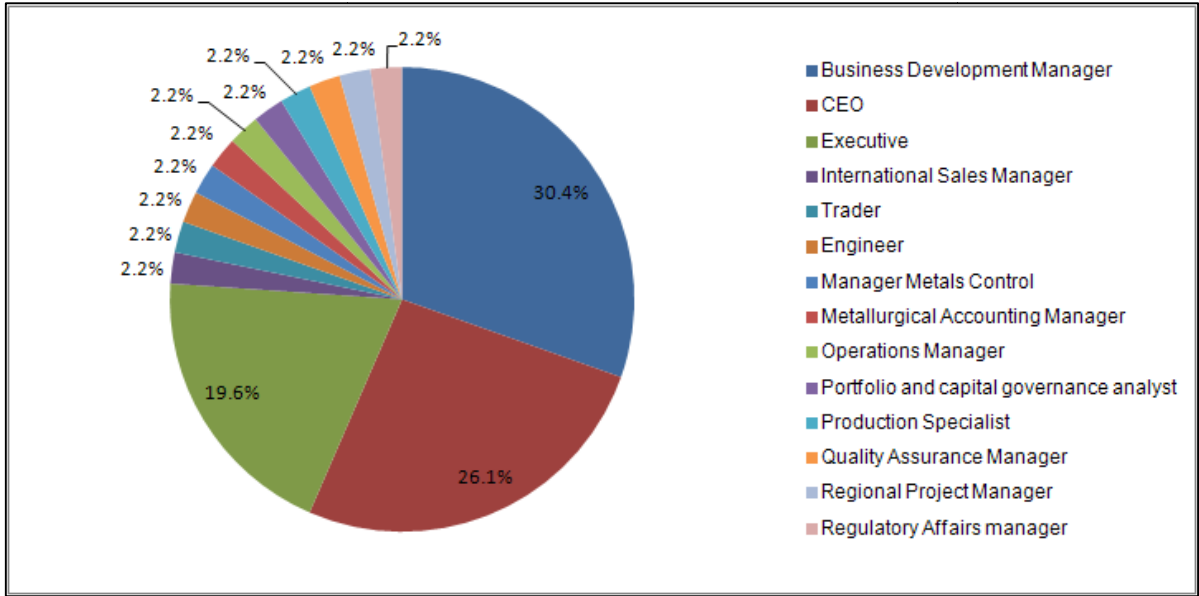


Figure 5-3: Size of participating firms

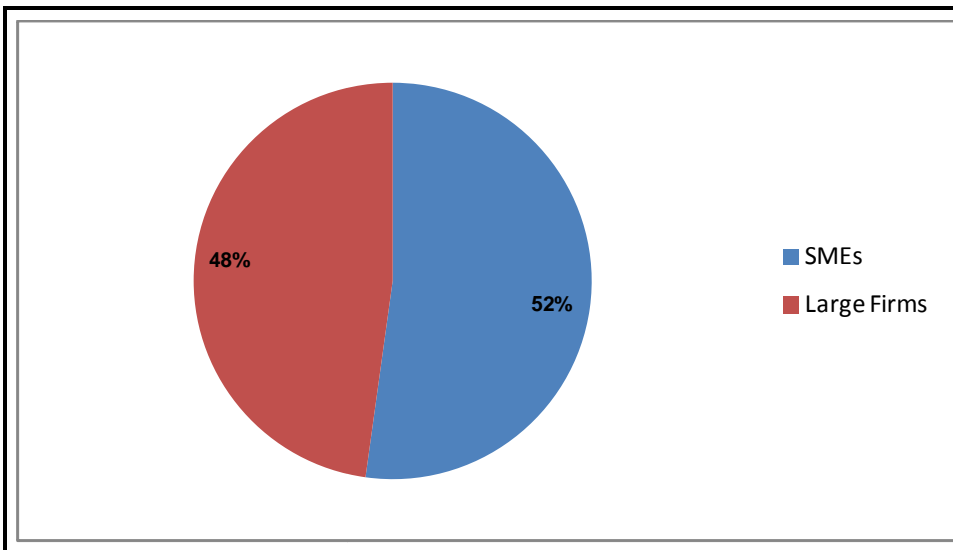


Table 5-1 shows that 15 per cent of the respondents represented fresh produce exporters, followed by electro technical at 13 per cent then mining at 10 per cent and chemical and healthcare each at 8.7 per cent respectively.

The question relating to the main export destination was a multiple selection question. Half the respondents (50 per cent) selected Africa while Europe and the Far East were the second and third main export destinations representing 20.9 per cent and 10.4 per cent

respectively. There were no exports to the Pacific Islands as none of the respondents selected this option. The respondents were mainly from large firms as represented by the size of the annual turnover and number of employees.

Most of the firms represented had greater than 200 employees and hence classified as large firms. This represented 52.5 per cent of the sample, while firms with employees between 51 to 200 (medium firm) represented 15.2 per cent. Firms with 50 employees or less (small firm) represented 32.6 per cent of the respondents. The annual turnover distribution of the sample showed that 47.8 per cent of the firms had an annual turnover greater than R250,000,000. Given the small sample size within each group, the small and medium enterprises were grouped and reclassified as SME.

**Table 5-1: Background profile of respondents**

<b>Industry sub-sector</b>	<b>Statistic</b>	<b>Main Export Destination</b>	<b>Statistic</b>
Other	13.0%	Africa	49.3%
Fresh Produce	15.2%	Europe	20.9%
Electrotechnical	13.0%	Far East	10.4%
Mining	10.9%	North America	7.5%
Chemical	8.7%	Middle East	6.0%
Healthcare	8.7%	Australasia	3.0%
Consulting & Business Services	6.5%	South America	1.5%
FMCG	6.5%	Central America and Caribbean	1.5%
Steel Fabrication	4.3%	Pacific Islands	0.0%
Oil & Gas	4.3%		
Textiles	4.3%		
Automotive	2.2%		
Iron & Steel	2.2%		
<b>Annual Turnover</b>	<b>Statistic</b>	<b>Number of Employees</b>	<b>Statistic</b>
Greater than R250,000,000	47.8%	Greater than 200	52.2%
R26,000,000 - R250,000,000	34.8%	51 - 200	15.2%
R3,000,000 - R12,999,999	10.9%	1 - 5	13.0%
R20,000 - R2,999,999	6.5%	6 - 20	10.9%
		21 - 50	8.7%

### 5.1.2 Distribution of scores on the Research Instrument

The research instrument comprised of four constructs:

- EBD performance results achieved by South African export firms in relation to export business strategic objectives of the firm.
- EMO capabilities as demonstrated by behaviour which is akin to the gathering, dissemination and responsiveness to export market intelligence within the firm.
- EEO capabilities as demonstrated by behaviour which highlights the propensity of South African firms to innovate, take risks, be aggressively competitive and autonomous in international export markets.
- EMD as demonstrated by the nature of the external environment in terms of competitive forces and international customer buying behaviour.

Appendix 9.2 shows the percentage distribution of the selected rating options. The percentage is calculated from the total number of respondents who answered each question. The rating ranged from 'Strongly disagree = 1' to 'strongly agree = 5'.

The business developers scored highly (> 50 per cent) on three out of five EBD performance questions indicating that in relation to the export business strategic objectives, their business performance was in line with expectation. The business developers "agreed" (> 50 per cent) with five out of the ten of the questions on EMO except for the question pertaining to 'important information about our customers gets lost in the system'. This implied that half the business developers were not systematic about disseminating important customer information within the firm as reflected in the 54 per cent rating.

At least 10 per cent of business developers "strongly agree" with five of the variables in the EMO construct. The business developers "strongly disagree" with 'taking hostile steps to achieve export competition goals', reflected in a 30 per cent rating.

Table 5-2 shows the number of export business developers who commenced the survey but did not complete certain questions within a particular construct. It also shows the non-response score as a percentage of the total responses received (61)

Questions relating to EBD performance questions were mostly answered (as represented by a 95 per cent of responses), followed by export market orientation (92 per cent), while entrepreneurial orientation is at 83 per cent and EMD at a level of 80 per cent.

**Table 5-2: Non-responses per construct**

	<b>EBD performance</b>	<b>EMO</b>	<b>EEO</b>	<b>EMD</b>
Number of non-responses	<b>3</b>	<b>5</b>	<b>11</b>	<b>12</b>
Percentage of non-response	<b>5%</b>	<b>8%</b>	<b>17%</b>	<b>20%</b>

In general, most of the construct questions were answered. Non-responses were deleted from the sample. This brought down the sample size from 61 to 51 responses. A secondary filter was applied based on the confidence the respondent has in their knowledge of the subject matter. Respondent knowledge was determined by asking the respondents to indicate the extent to which they were knowledgeable about their firm's international export activities on a five-point Likert scale (Morgan *et al.*, 2003). Those whose selection was within the range 'Strongly disagree = 1' to 'Don't know = 3' were deleted from the sample. This brought the response rate down from 51 responses to 46. As the population was 194 a response rate of 23 per cent was achieved. A mean of 4.08 for participant knowledge was recorded. In addition, the respondents were asked how accurate their answers were, and returned a mean score of 4.12 on a five-point Likert scale, indicating that they believed that their responses were very accurate.

### **5.1.3 Distribution of Responses**

The questionnaire was grouped into five categories representing four constructs. The assessment instrument established the format the questions were divided into within the broader context of the research tool.

The export business developers that participated in the research differed in terms of firm size, with large firms representing 48 per cent of the sample. Across all firms, 32 per cent of the export business developers were owners of the firms, 68 per cent were employees. 48 per cent represented large firms and 52 per cent of the respondents were export developers of SMEs.

## **5.2 Research Proposition One**

### **EMO, EEO and export market dynamics scales are applicable for the assessment of business developers in South African export firms**

This proposition intends to test the validity and reliability of the assessment tool. It is essential that the research instrument be validated for general applicability in the South African context. In order to achieve multi-item construct validity, a confirmatory factor analysis is required.

#### **5.2.2 Validity of Research Instrument**

The applicable pre-requisites for confirmatory factor analysis include an “overall target sample size which should have been 150 or greater and there should have been a ratio of at least five cases for the variable” (Pallant, 2010, p. 187). Given that a sample size of 46 was achieved for this research, this fell short of the minimum sample size requirements for validity testing using confirmatory factor analysis. In order for small samples to maintain validity, heavy reliance needs to be placed on the proven validity of previous studies whereby the “factor loadings for all measurement items are significant at 1 per cent level or better” (Boso et al, 2011, p. 675). The scales for EBD performance construct validity measures were based on business development literature and were valid at one per cent significance based on the confirmatory factor analysis (Davis & Sun, 2006; Burgers, 2008)

#### **5.2.3 Reliability of the Research Instrument**

Cronbach’s Alpha was computed for all the variables in each construct to assess the internal consistency between the variables. Cronbach’s Alpha is the most common measure of internal consistency among a set of indicators, variables or questionnaire items to determine the reliability of an ordinal scale. It is most commonly used when a Likert-type scale is used for multiple variables in a questionnaire to verify whether the scale is reliable or not. Pallant (2010) asserted that it is important that the scales of a study are reliable. Internal consistency refers to “the degree to which the items that make up the scale are all measuring the same underlying construct” (Pallant, 2010, p. 97).

One of the most commonly used indicators of internal consistency is the Cronbach’s alpha coefficient. Cronbach’s Alpha coefficient ranges in value from 0 to 1. The higher the score, the higher the reliability of the scale. Ideally, the Cronbach’s alpha coefficient scale should

be above 0.7 (De Vellis, 1991). The assessment instrument contained scales with a number of subscales which were combined to form a total scale score. The construct EMO was comprised of three subscales as depicted below. Therefore the reliability of each subscale and the total Cronbach's alphas and the total scale is calculated below:

**Table 5-3: Reliability of research instruments**

<b>Construct</b>	<b>Cronbach's Alpha</b>	<b>Number of construct variables</b>
EBD Performance	<b>0.760</b>	<b>5</b>
EMO	<b>0.553</b>	<b>9</b>
EEO	<b>0.821</b>	<b>14</b>
EMD	<b>0.507</b>	<b>3</b>

Table 5-3 shows that the EBD performance and EEO constructs recorded a Cronbach's alpha with a value of .760 and .821 respectively. This suggested very good internal consistency reliability. It means that respondents who tended to select high scores for one variable also tended to select high scores for the others; similarly, respondents who selected a low score for one variable tended to select low scores for the other EBD performance and EEO variables respectively.

The impact of removing each item from the scale is valuable for determining which variables from among a set of variables contributes to the total alpha. Therefore the question 'Information that can influence the way we serve our export customers takes too long to reach export personnel' was deleted. This was in order to raise the Cronbach's Alpha. This raised the overall Cronbach's alpha for EMO from 0.553 to 0.623.

Cronbach's Alpha for the 3-variable EMD construct is 0.507. For a measure with relatively few variables, this level provides evidence of internal consistency (Pallant, 2010). Cronbach's alpha are however sensitive to the number of items in the scale. For the short scales (scales with fewer than ten items) it is common to find low Cronbach's alpha of 0.5. In this case it "may be more appropriate to report the mean inter-item correlation for the items" (Pallant, 2010, p. 100). Briggs and Cheek (1986) recommend an optimal inter-item correlation of 0.2 to 0.4

All four constructs had acceptable reliability, therefore, the data showed that the assessment instrument had acceptable reliability and research proposition one could therefore be accepted.

### 5.3 Research Proposition Two

#### EBD performance is dependent on the strategic orientation of EMO and EEO behaviours

This proposition looked at techniques used to explore the relationship among variables. This was to test the strength of the relationship between variables. The two techniques applicable to this research are correlation and multiple regression. Pearson correlation was used to explore the strength of the relationship between EBD performance, EMO, EEO and EMD. This gave an indication of both the direction (positive or negative) and the strength of the relationship. Multiple regression is an extension of correlation and is used to explore the predictive ability of a set of independent variables (EMO, EEO and EMD) on the dependent variable (EBD performance).

#### 5.3.2 Pearson Correlation

Table 5-4 shows the relationship amongst the four constructs, namely EBD performance, EMO, EEO and EMD, using the Pearson's correlation coefficient. Preliminary analyses were performed to ensure no violation of normality and linearity. The Pearson's correlation coefficient is appropriate as the sample data followed a normal distribution.

The factor scores for each respondent were computed as the average of all the items contributing to each construct. Table 5-4 depicts the results of the relationship between 46 business developer's EBD performance, EMO, EEO and EMD scores.

**Table 5-4: Pearson correlation matrix depicting relationship between constructs (N=46)**

		EBD Performance	EMO	EEO	EMD
EBD Performance	Pearson Correlation	1	.426**	.318*	.090
	Sig. (2-tailed)		.003	.031	.550
	N	46	46	46	46
EMO	Pearson Correlation	.426**	1	.304*	.119
	Sig. (2-tailed)	.003		.040	.432

	N	46	46	46	46
EEO	Pearson Correlation	.318*	.304*	1	.079
	Sig. (2-tailed)	.031	.040		.600
	N	46	46	46	46
EMD	Pearson Correlation	.090	.119	.079	1
	Sig. (2-tailed)	.550	.432	.600	
	N	46	46	46	46

\*\* . Correlation is significant at the  $p < 0.01$  level (2-tailed).

\* . Correlation is significant at the  $p < 0.05$  level (2-tailed).

The results showed that there is a statistically significant positive relationship between EMO and EBD performance at one per cent significance level, since the p-value is 0.01 and below. EEO and EBD performance is positively correlated at five per cent significant level, since the p-value is 0.05 and below. This meant that the association between EEO and EBD performance was found to be positive and therefore as business developers increase their EEO then the EBD performance also increases.

There was a positive correlation between EMD and EBD performance, EMO and EEO constructs. This means that as EMD increased so did the other variables. However the strength of the relationship was statistically insignificant at one and five percent significance levels.

### 5.3.3 Multiple Regression Analysis

Multiple regression analysis is appropriate for determining how well a set of variables is able to predict a particular outcome. In the context of this research, this research proposes how well a set of subscales on an assessment instrument is able to predict performance of South African export business developers in international markets. Multiple regression provides information about the model as a whole and the relative contribution of each of the variables that make up the model that Research proposition 3 sought to determine, being the relationship between a set of independent variables (EMO, EEO and EMD) and the dependent variable (EBD performance).

Table 5-5 depicts the result of the multiple regression. This provides information which is necessary to predict EBD performance from EMO, EEO and EMD. The coefficient of multiple determinations was 0.685. Therefore, approximately 68.5 per cent of the variation in the EBD performance is explained by EMO as depicted by export market intelligence gathering, dissemination and responsiveness; the export orientation of business developers in export markets. The regression equation appears to be very useful for making predictions since the value of R<sup>2</sup> is close to one and is positive.

**Table 5-5: Multiple regression analysis with EBD performance as the dependent variable and EMO, EEO and EMD as the independent variables (N=46)**

### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	P
1	.827 <sup>a</sup>	.685	.662	.437	.685	30.393	3	42	.000

a. Predictors: (Constant), Export Market Dynamism, Export Entrepreneurial Orientation, Export Market Orientation

Standard multiple regression of the independent variable was evaluated in terms of its predictive power, over and above that offered by all the other independent variables. This approach indicates how much unique variance there is in a dependent variable (EBD performance) and each of the independent variables explained.

The regression model predicted the dependent variable, EBD performance, significantly well. The statistical significance of the regression model that was applied was less than 0.05, this indicated that, overall, the model applied was statistically significant and good enough to predict the outcome of EBD performance. At the  $\alpha = 0.05$  level of significance, there exists enough evidence to conclude that at least one of the predictors, as well as the combined effect of EMO, EEO and export dynamism is useful for predicting EBD performance. Therefore the combined results from a positive statistically significant correlation between EBD performance. EMO and EEO constructs coupled with a statistically significant regression model confirming that EBD performance is dependent on the strategic orientation of EMO and EEO.

## 5.4 Research Proposition Three

**There is a positive impact of market dynamics on EBD performance as indicated by customer preferences and competitive intensity.**

Hierarchical multiple regression (also known as sequential regression) was used to test whether adding a variable, namely EMD contributes to the predictive ability of the model, over and above those variables already included in the model. It was also used to statistically control for an additional variable (or variables) when exploring the predictive ability of the model. In this section multiple regression was used to determine whether a particular predictor variable was still able to predict an outcome when the effects of another variable, namely, EMD were controlled for.

Each variable or set of variables was assessed in terms of what it added to the prediction of the dependent variable after the previous variables had been controlled for. Of particular relevance was, the extent to which EMO predicted EBP performance, after the effect of EMD predicted EBD performance after entering EMO; then EEO was entered and the relative contribution of each block of variables was also assessed. The diagrams in Appendix below illustrate the relative strength of association between EBD performance and EEO. There was a positive linear relationship (Refer to Appendix 9.5).

## 5.5 Research Proposition Four

**There is a difference in the extent to which export firms in Ghana Boso et al (2012) as opposed to South Africa are able to leverage the full potential of the combined effects of EMO, EEO and EMD.**

Exploring differences between groups can be done using a parametric test which is suitable when the interval-scaled data presents with normal distribution of scores. This test was found to be inappropriate for this research however as the data did not have a normal distribution. Research proposition four sought to compare the findings of the study conducted by Boso *et al.*, (2012) in Ghana with South Africa. The EBD performance, EMO and EEO variables on the research tool used on the South African exporters were

obtained with permission from (Boso *et al.*, 2012). Refer to Appendix 9.3. The results achieved from the Ghanaian exporter test were compared with the current study. The results of the comparison study are presented in Table 5-6.

**Table 5-6: Comparison of findings – Ghana vs. South African (S.A) Study**

	N		Mean		Std. Deviation	
	Ghana	S.A	Ghana	S.A	Ghana	S.A
EBD Performance	N/A	46	N/A	3.46	N/A	.751
EMO	164	46	5.297	3.20	1.020	.654
EEO	164	46	4.66	3.37	1.220	1.123
EMD	164	46	4.06	3.04	137	.965
Valid N (listwise)	164	46				

The Boso et al (2012) study used a seven point Likert scale as opposed to the current study which used a 5 point Likert scale. Table 5-6 shows that the means attained by the current study were just above the mid-point being between one and five. All the means on the Boso et al (2012) study were just above 4, the mid-point of 1-7. When compared to the results obtained from Boso et al (2012) from Ghana, it can be suggested that the South African exporter study achieved the same mean which is slightly above the midpoint as achieved in Ghana. Based on the fact that the mean scores of the two studies are slightly above the midpoint, research proposition five was accepted.

## 5.6 Summary

This chapter presented the relevant findings of the quantitative research process.

The results show that the export landscape in South Africa is primarily comprised of large employee-managed firms SMEs are represented by 52.5 per cent of the respondents. Large firms were 64.7 per cent.

The results show that 76.4 per cent of the export business developers have mainly performed in line or above their strategic expectations. Recognising new customer needs and maintaining partnerships had the highest mean scores of 3.21 and 3.09 on a five-point Likert scale respectively.

The distribution of the background profile results shown in section 5.2 of the preceding chapter revealed that South African business developers export to more than one destination. The top three export destinations are Africa (51 per cent), Europe and United States (25.3 per cent) and Asia (comprising of Middle East, Far East and Asia) (18.7 per cent).

There was a positive correlation between EMD and EBD performance, EMO and EEO constructs. This means that as EMD increased so did the other variables. However the strength of the relationship was statistically insignificant at one and five percent significance levels.

The strongest correlation coefficients is between EBD performance and EMO, followed by EBD performance and EEO. EMD had the smallest correlation coefficient with EBD performance, EMO and EEO respectively

The results showed that the Boso et al (2012) assessment instrument was applicable to the South African export context from a reliability perspective yet the sample size is too small to test for validity. Furthermore, there was a positive correlation between the EBD performance, EMO and EEO constructs. EMD had a weak but positive relationship with EBD performance. When compared to the results obtained from Boso et al (2012), the results show that the South African exporter study achieved the same mean which is slightly above the midpoint as achieved in Ghana.

In the next chapter, the results presented were analysed and discussed in terms of the research propositions and in terms of the literature theory base. These were presented and aligned to the research objectives.

when both EMO and EEO were entered into the prediction model, a prediction of variance in the dependent variable of 68.5% was achieved. coefficient of multiple determinations was 0.685. Therefore, approximately 68.5 per cent of the variation in the EBD performance is explained by the combined effects of EMO, EEO and EMD as depicted by export market intelligence gathering, dissemination and responsiveness; the export orientation of business developers in export markets as well as degree of variation in competitors' product strategies, changes in competitors' market strategies and changes in export customers' buying behaviours

## 6. CHAPTER 6: DISCUSSION OF RESULTS

### 6.1 Introduction

This research focused on the applicability of the EMO, EEO and EMD on business developers in South African export firms. As indicated in the glossary of terms, EEO is defined as a “market-driving behaviour that gives exporters a capability to differentiate themselves from export competitors by taking calculated risks to proactively and aggressively introduce innovative products using unique knowledge and technology” (Boso et al; pg 4) In contrast, EMO connotes a market-driven adaptive behaviour that enables firms to respond to export customer needs and preferences by offering superior value propositions relative to their less market-oriented export market competitors (Jaworski, Kohli, & Sahay, 2000; Murray *et al.*, 2011). Consequently, a research tool devised by Boso et al was adopted and adapted to guide this research in assessing the combined effects of two strategic orientations - EMO and EEO - against EBD performance under varying levels of competitive market forces.

Background information and its influence on behaviour are evaluated in this chapter; against the drivers that influence EBD performance in international markets. A descriptive quantitative research methodology was followed, where research propositions were made and the results presented in the preceding Chapter (five). The results were tabulated in the form of descriptive statistics and statistical analysis was conducted using SPSS. This chapter analyses and discusses the results presented in Chapter five within the context of the research propositions and the literature review.

### 6.2 Overview of Firm Background Findings

The results show that 76.4 per cent of the export business developers have mainly performed in line or above their strategic expectations. Recognising new customer needs and maintaining partnerships had the highest mean scores of 3.21 and 3.09 on a five-point Likert scale respectively. Chong, Chen (2012) asserts that the development of new products should be based on customer needs relevant at the time of market introduction and during the period of product consumption. In today's context, customers have greater

choices than ever in most markets; they are therefore less likely to accept substandard goods or services. This implies that the ability to recognise customer's needs ensures customer retention. A recognition of customer needs mean score of 3.21 indicates that South African export business developers have the aptitude to recognise new customer needs. Unpredictable markets require this capability coupled with effective delivery on stated customer needs. Export business developers in unpredictable markets face the challenge of capturing dynamic customer requirements.

The distribution of the background profile results shown in section 5.2 of the preceding chapter revealed that South African business developers export to more than one destination. The top three export destinations are Africa (51 per cent), Europe and United States (25.3 per cent) and Asia (comprising of Middle East, Far East and Asia) (18.7 per cent). Boradman, H. G., 2008's assertions are confirmed that Asia now imports a similar size share of Africa's exports as the United States and the EU. It is inferred that South African export firms are required to align to varying global customer requirements and the high mean score relating to recognition of customer needs confirms the EMO orientation of South African exporters.

The results showed that each respondent exports to multiple destination countries. Literature indicates that a high level of EMO would enable entrepreneurial exporters to take risks in an environment with better intelligence of market conditions and of likely responses of export customers and competitors to firms' market offerings. With greater levels of EMO, firms are wiser with their proactive market timing and targeting decisions due to better market understanding (Grunert, Trondsen, Campos, & Young, 2010; Murray, Gao, Kotabe, Zhou, 2007). Meaning that a high level of orientation of South African export firms towards diversifying risks through the use of market intelligence. Market intelligence informs their decision to diversify into multiple opportunities abroad as a means to counter the competitive pressures of globalisation.

The results show that the export landscape in South Africa is primarily comprised of large employee-managed firms SMEs are represented by 52.5 per cent of the respondents. Large firms were 64.7 per cent. Literature indicates that large firms can often invest in new technologies; provide world-class skills training to their workforce and win new international markets (Laforet and Tann, 2006). By virtue of their size, half of the South African export firms are able to employ the resources to invest in EMO and EEO

capabilities. SMEs on the other hand, rely on the state agency services provided by the DTI to meet their market intelligence requirements. The data revealed that the majority of export business developers of both large firms and SMEs have a high propensity to generate a lot of information trends, monitor and fast detect fundamental shifts in trends. Coupled with the institutional presence of state agency services like the DTI, South African export firms, are generally able to adequately meet their market intelligence requirements. The distribution of the responses to the construct questions shows that export business developers' behaviour is aligned to market intelligence gathering (as represented by a mean score of 3.48). Literature indicates that market intelligence entails the generation of market intelligence pertinent to the firm's exporting operations (Boso *et al.*, 2012).

### **6.3 Reviewing the Findings Related to Research Proposition**

#### **6.3.2 Research Proposition One**

**EMO, EEO and export market dynamics scales are applicable for the assessment of business developers in South African export firms.**

The assessment instrument was tested in two different parts of the world, namely Ghana and the United Kingdom. As this study focuses on export business developers of both goods and services in an emerging economy, namely South Africa, the assessment instrument had to be evaluated for validity within this context.

The determination of construct validity assures that the constructs that were used for the purpose of this research could be applied within the context of export firms within an emerging economy; in this instance determining the strategic orientation of the South African export business developers.

The results show that all four constructs had acceptable reliability, therefore, the data showed that the assessment instrument had acceptable reliability and research proposition one could therefore be accepted. Cronbach's Alpha for the 3-variable EMD construct is 0.507. For the short scales (scales with fewer than ten items) it is common to find low Cronbach's alpha of 0.5.

Table 5.3 shows that the EBD performance and EEO constructs recorded a Cronbach's alpha with a value of .760 and .821 respectively. This suggested very good internal consistency reliability. The overall Cronbach's alpha for EMO improved 0.553 to 0.623 when the question 'Information that can influence the way we serve our export customers

takes too long to reach export personnel' was deleted. This implies that there is some uncertainty about the impact of this question on the EMO scale. Values that were higher than the alpha value had the items not been removed imply the results of this research cannot be compared with other studies using the scale (Pallant, 2010). There is therefore a case for further development of the EMO scale. It further indicates that in a South African context, the assessment instrument however cannot be applied in isolation. Qualitative secondary data as well as primary qualitative analysis in the form of interviews should be conducted.

An assessment instrument must be both tested for reliability and validated in order to qualify as a usable tool for future studies within the context. Given the small sample size of this study (N=46) it was not statistically feasible to construct a confirmatory factor analysis. The results show acceptable reliability on all four constructs, namely, EBD performance, EMO, EEO and EMD however there is no evidence of construct validity from the research results due to the small sample size. The findings of the current study are in contrast with literature as both conditions were not met by this study. The assessment tool is therefore not a suitable research instrument amongst South African export business developers. The small sample had a material effect that the ability to evaluate construct validity, there is therefore a case for conducting the study with a bigger sample size. The applicable prerequisites for confirmatory factor analysis include an "overall target sample size which should have been 150 or greater and there should have been a ratio of at least five cases for the variable" (Pallant, 2010, p. 187).

The literature and statistical analysis of the empirical data shows that the assessment instrument is a reliable and valid tool. Furthermore, literature indicates that there is validity between constructs for application in other economies – both developed and developing. However as per the current study, no validity results were statistically obtained due to the sample size assumption requirements for validity testing through confirmatory factor analysis.

Through this study the Boso et al (2012) assessment instrument was explored in another developing country, namely South Africa to assess the validity and reliability of the construct as well as the extent to which the related research findings could be generalised. The assessment instrument scales are regarded "as being consistent if they can be validated and are reliable" Maluleke, R. (2012 page 94) The determination of construct

validity assures that the constructs used for the purpose of this research could be applied within the context of South African export business developers of goods and services. This section responds to the first research

The literature detailed how the constructs have been applied and proved valid in various studies in emerging and developed economies (Alhakimi & Baharun, 2010; Silkoset, 2009). This therefore implies that the constructs are well tested and are valid. In order to prove stability and generalisability of findings, an independent t-test was performed to compare the differences of means between the results of the South African study as well as the results of the Ghanain study. This is analysed in section 6.7.3 below. Cronbach's Alpha assures that the assessment instrument is acceptable in terms of reliability. The results show that all constructs have a Cronbach's Alpha higher than 0.6 with the exception of EMD. There is therefore some uncertainty with the reliability of the EMD scale in particular as the Cronbach's Alpha for this 3-item EMD construct is 0.507.

The literature indicates that the Cronbach's Alpha coefficient ranges in value from 0 to 1, the higher the score, the higher the reliability of the scale. The generally accepted minimum cut off point is 0.6 but lower thresholds may be accepted (Chang, L.C., 2011). For a measure with relatively few variables, this level does not provide evidence of reliability. The EMD construct cannot be acceptable for reliability as it has a low Cronbach's Alpha.

The implications are that, in the event that the study is repeated by any other researcher, similar results will be obtained for all constructs with the exception of EMD. This is consistent with studies conducted by Chin Syn (2012) which used the EEO, EMO and EMD research scales.

The EMD construct is invalid for all research propositions as indicated in the sections below.

This research deems the Boso et al (2012) questionnaire to be reliable and valid for testing EBD performance amongst South African export firms. The reliability and validity of the proposed firm's strategic orientation in terms of EMO and EEO behaviour are examined and the developed propositions are tested. As a result, this study adds richness to the understanding of how a firm's EMO and EEO behaviour can be facilitated and managed. Finally, through analyzing the export success of South African exporters from a business

development perspective this study brings an extended insight into the international business body of knowledge.

### **6.3.3 Research Proposition Two**

#### **EBD performance is dependent on the strategic orientation of EMO and EEO behaviours**

This proposition looked at techniques used to explore the relationship among variables. This was to test the strength of the relationship between variables. The two techniques applicable to this research are correlation and multiple regression.

Table 5 4 shows the relationship amongst the four constructs, namely EBD performance, EMO, EEO and EMD, using the Pearson's correlation coefficient. The results show that there is a statistically significant positive relationship between EMO and EBD performance at one per cent significance level, since the p-value is 0.01 and below. EEO and EBD performance is positively correlated at five per cent significant level, since the p-value is 0.05 and below. This meant that the association between EEO and EBD performance was found to be positive and therefore as business developers increase their EEO then the EBD performance also increases.

There was a positive correlation between EMD and EBD performance, EMO and EEO constructs. This means that as EMD increased so did the other variables. However the strength of the relationship was statistically insignificant at one and five percent significance levels.

The strongest correlation coefficients is between EBD performance and EMO, followed by EBD performance and EEO. EMD had the smallest correlation coefficient with EBD performance, EMO and EEO respectively. This implies that the South African export business developers regard EMO as a way to achieve greater performance in international markets. Furthermore, there are qualities within EEO that the South African export business developers regard as key to achieving international competitive advantage.

In the Multiple Regression Analysis the study investigated the relationship between EBD performance by means of EMO, EEO and EMD. The results show that EMO contributed significantly positively ( $p < .05$ ), followed by EEO ( $p < .05$ ) to the prediction of EBD

performance. EMD did however not enter the acceptable prediction level. Refer to Appendix 6 for the results of the Multiple Regression Analysis.

Table 5-5 shows that with EBD performance as the dependent variable, when both EMO and EEO were entered into the prediction model, a prediction of variance in the dependent variable of 68.5% was achieved. coefficient of multiple determinations was 0.685. Therefore, approximately 68.5 per cent of the variation in the EBD performance is explained by the combined effects of EMO, EEO and EMD as depicted by export market intelligence gathering, dissemination and responsiveness; the export orientation of business developers in export markets as well as degree of variation in competitors' product strategies, changes in competitors' market strategies and changes in export customers' buying behaviours

The findings of the current study concur with literature and are underscored by a strong coefficient between the combined effects of EMO and EEO on EBD performance.

#### **6.3.4 Research Proposition Three**

**There is a positive impact of market dynamics on EBD performance as indicated by customer preferences and competitive intensity.**

Table 5 4 shows the relationship amongst the four constructs, namely EBD performance, EMO, EEO and EMD, using the Pearson's correlation coefficient. The results show that there is a statistically significant positive relationship between EMO and EBD performance at one per cent significance level, since the p-value is 0.01 and below. EEO and EBD performance is positively correlated at five per cent significant level, since the p-value is 0.05 and below. This meant that the association between EEO and EBD performance was found to be positive and therefore as business developers increase their EEO then the EBD performance also increases.

There was a positive correlation between EMD and EBD performance, EMO and EEO constructs. This means that as EMD increased so did the other variables. However the strength of the relationship was statistically insignificant at one and five percent significance levels.

The strongest correlation coefficients is between EBD performance and EMO, followed by EBD performance and EEO. EMD had the smallest correlation coefficient with EBD performance, EMO and EEO respectively. This implies that the South African export

business developers regard EMO as a way to achieve greater performance in international markets. Furthermore, there are qualities within EEO that the South African export business developers regard as key to achieving international competitive advantage.

In the Multiple Regression Analysis the study investigated the relationship between EBD performance by means of EMO, EEO and EMD. The results show that EMO contributed significantly positively ( $p < .05$ ), followed by EEO ( $p < .05$ ) to the prediction of EBD performance. EMD did however not enter the acceptable prediction level. Refer to Appendix 6 for the results of the Multiple Regression Analysis.

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The findings of the current study are in contradiction with the study conducted by Boso *et al.*, (2012) indicating no significant impact of EMD on EBD performance

Boso *et al.*, 2012 established that the joint effects of EMO and EEO are more substantial when market dynamism is strong. Hence, a conceptual model was developed and successfully applied in the United Kingdom as well as in Ghana. This is the first time that these research scales are jointly being applied to the South African context.

The relationship among the four constructs, namely EBD performance, EMO, EEO and EMD were explored using Pearson's correlation coefficient. The results show that there is a statistically significant relationship between the EBD performance and EMO construct at one per cent significance level, since the p-values are less than 0.01; a significant relationship at five per cent between EEO and EMO and no statistically significant correlation with EMD.

Hult and Ketchen (2001, page 899) posit that strategic orientation has value for firms to achieve success therefore the potential benefits of EMO and EEO "should not be

considered in isolation”. This evidence provides further support for the logic of ambidexterity, which calls for integration of exploratory and exploitative market activities (Hughes *et al.*, 2007), and also confirms the marketing literature that argues that market-driving and market driven behaviours are complementary capabilities that might produce synergistic outcomes (Ghauri, Tarnovskaya, & Elg, 2008; Jaworski *et al.*, 2000). It also confirms contentions from the dynamic capability literature that argue that dynamic capabilities require a blend of different strategic logics to achieve better performance outcomes (Hung *et al.*, 2010), and extends the export entrepreneurship and marketing literature that has largely examined these two market-based resources separately.

EMO is generally believed to have a positive effect on firms’ profitability (Wei & Frankwick., 2012; Kumar, Jones & Venkatesan., 2011; Kumar & Subramanian, 2011; Jaworski *et al.*, 2000), and conceptually market-oriented behaviours are based on understanding customer needs. Thus, market-oriented behaviours may be more critical for firms whose growth aspirations relate profitability and volume. However, EEO is believed to be especially beneficial for firms seeking growth. Proactive, competitive aggressiveness could be essential if firms are looking for new market entries or increases in market shares.

In the specific field of export research, empirical findings regarding the impact of EEO and EMO on export success remain equivocal (Chen & Lien, 2012; Murray *et al.*, 2011; Cadogan *et al.*, 2009; Kropp *et al.*, 2006). The results of the current study show that the strongest correlation is between EBD and EMO. Thereby confirming (Greenley, 1995; Jaworski & Kohli, 1993; Slater & Narver, 1994b cited in Chen & Lien, 2012) assertion that conceptually market-oriented behaviours are based on understanding customer needs. The theory further demonstrates consistency of results as indicated in section 6.4 of this research report. It further implies that in terms of prioritising of resources, export business developers seeking success in international markets should at all times prioritise EMO as it is the highest predictor of EBD performance in international markets. Therefore a joint implementation strategy means that firms are able to achieve high EBD performance when there is a combination of EMO and EEO but this is enhanced when EMO is higher.

The results show that that EEO has a lower Pearsons correlation score in relation to EMO. This confirms similar findings by Boso *et al.*, 2012 page 12 that EEO has a “weak direct positive impact, in contrast, EMO has a significant direct positive impact” on EBD performance. Taken together, the results confirm Cadogan et al.’s (2009) contention that a

high level of one strategic orientation might imply low attention being paid to other equally important orientations. The results also support Bhuian et al.'s (2005) work that advocates a combination of moderate EEO and high EMO. Furthermore, the findings also support the Firmal ambidexterity logic, which suggests that where multiple competing orientations are implemented the behaviour that is simple, easily repeated and offering immediate returns will dominate (Hughes *et al.*, 2007; March, 1991).

#### **6.3.5 Research Proposition Four**

There is a difference in the extent to which export firms in Ghana Boso et al (2012) as opposed to South Africa are able to leverage the full potential of the combined effects of EMO, EEO and EMD

The EBD performance, EMO and EEO variables on the research tool used on the South African exporters were obtained with permission from (Boso *et al.*, 2012). Refer to Appendix 9.3. The results achieved from the Ghanaian exporter test were compared with the current study. The results show that of the comparison study are presented in Table 5-6.

Contrary to literature, the results show that the effect of EMD as depicted by the level of competitive intensity in the export market environment has no implications on EMO, EEO and EBD performance. The findings therefore contradict the theory that indicates that EEO and EMO interaction becomes more positive when competitive intensity increases lending support to the view that a firm must maintain a dynamic pool of complementary capabilities in competitively intensive environments. (He & Wong, 2004; Kocak & Abimbola, 2009; Prange & Verdier, 2011).

The results of this research therefore add practical insights in to the usefulness of seeking synergy between market-driving (i.e. EEO) and market-driven (i.e. EMO) capabilities in highly competitive export market environments. Synergy between EMO and EEO behaviour should be maintained irrespective of external factors. The South African business developers have prioritised behavioural traits to meet customer needs ahead of behaviours geared to responding to dynamics in the external environments.

Findings from this research contradict Wiklund and Shepherd's (2005) study which shows that the joint effect of EEO and EMO on EBD performance becomes more pronounced in

magnitude as the level of export unit's access to EMD increases. In addition to correlation, research proposition?? two uses multiple regression analysis to determine the relationship between a set of independent variables (EMO and EEO) and the dependent variable (EBD performance). This is in order to investigate the extent of the impact on EBD performance by manipulating EMO and EEO as independent variables.

The results show that the coefficient of multiple determinations is significantly positive at 0.685. Therefore the research findings are highly significant at 1 per cent as  $p < .01$ . It implies that 68.5 per cent of the changes in EBD performance are affected by both EMO and EEO as indicated by the R squared value of 68.5. Thus 68.5 per cent of the variation in the EBD performance is explained by EMO as depicted by export market intelligence gathering, dissemination and responsiveness; the EEO of business developers in export markets. EMD did however not enter the acceptable prediction level.

This research concludes that the combined effect of EMO and EEO is positively related to export EBD performance. In testing the notion that entrepreneurial orientation is associated with export success among firms operating in turbulent environments relative to firms operating in benign environments, Robertson and Chetty (2000) report that while entrepreneurial exporters outperform conservative exporters in turbulent environments, the reverse is true in benign environments. Yet, other researchers (e.g. Balabanis & Katsikea, 2003; Kropp, Lindsay, & Shoham, 2006) have been unable to find evidence to support the view that entrepreneurial posturing is more beneficial in turbulent environments. Thus, it remains unclear what the exact nature of the relationship with EMD.

The results of the assessment instrument scores for each construct, as well as the overall score for comparison to the Ghanaian study as discussed in section 5.9. The Boso et al study used a seven point Likert scale as opposed to the current study which uses a 5 point Likert scale. Table 10 in the preceding Chapter (five) shows that the means of the current study are just above, about the middle between 1 and 5. All the means on the Boso et al study are just above 4, the middle of 1 and-7.

When compared to the results obtained from Boso et al (2012), it can be suggested that the South African exporter study achieved the same mean which is slightly above the midpoint as achieved in Ghana.

Based on the fact that the mean scores of the two studies are slightly above the midpoint, research proposition four is rejected as there is a difference between the two geographies. Though the South African results are higher, there is no statistical evidence pointing to a material difference in the export performance of business developers in South Africa compared to those of Ghana and other studies.

#### **6.4 Summary of findings**

A recognition of customer needs mean score of 3.21 indicates that South African export business developers have the aptitude to recognise new customer needs. Unpredictable markets require this capability coupled with effective delivery on stated customer needs. Export business developers in unpredictable markets face the challenge of capturing dynamic customer requirements.

Meaning that a high level of orientation of South African export firms towards diversifying risks through the use of market intelligence. Market intelligence informs their decision to diversify into multiple opportunities abroad as a means to counter the competitive pressures of globalisation.

Boso *et al.*, 2012 established that the joint effects of EMO and EEO have a substantial impact on product innovation success. Hence, a conceptual model was developed and successfully applied in the United Kingdom as well as in Ghana. This study replicates the model in a South African context and evaluates the joint effects of EMO and EEO on EBD performance. It was argued by Boso *et al* that these constructs combine to present the essence of product innovation success, given customer and competitor factors. In this study, it was discovered that

The assessment instrument is applicable for determining the EBD performance of South African export business developers as it focuses on the generation, dissemination and responsiveness to export market intelligence and export product innovativeness. (Start new sentence) risk-taking; market proactiveness; export competitive aggressiveness and autonomous export behaviours in dynamic and competitive international environments. In addition, the tool was found to have both reliability and validity.

## 7. CHAPTER 7: CONCLUSIONS

### 7.1 Summary of Findings

The EBD performance of business developers in an emerging market were studied using South African export firms as a reference. The research incorporated the use of the assessment instrument developed by Boso et al (2012) of Leeds University, United Kingdom.

The study was conducted in a commodity and service sectors as shown in the background profile of respondents. The export business developers have a myriad of designations and the 76.1% being business developers, CEOs and executives. Therefore it can be concluded that majority were CEOs and executives (leaders are able to influence) and had the requisite knowledge for the strategic implementation of the goals. Therefore it can be concluded that though the sample size was small, the correct level of seniority of export business developers attest to the fact that they are at the cutting edge of their firm and have been exporting for longer than 9 years. It can be inferred that they make decisions and drive the strategic orientation of the organisation; they are therefore qualified to bring insights to the research.

This research is based on the fact that exporting plays a critical role in South Africa's efforts to promote a sustainable business environment and ensure global competition plays an important role and prevent business failure.

The research concludes that there is an urgent need to prioritise and formulate means to develop export business developers in order to reduce the rate of business failure and stimulate economic growth. Consequently, a conceptual modification of the current way orientating business developers is required. Export business developers need to acquire in order to enhance their EBD performance in international markets.

The assessment instrument had acceptable levels of construct validity and reliability. This implies that they can be generalised into the South African context. Relationships between the constructs of EMO, EEO, export market dynamism (research proposition three) to measure the EBD of South African exporters.

There were strong correlations between the constructs of EBD performance and, EMO as well as that of EBD performance and EEO (research proposition two). Export market

dynamism had non linear association with EEO(research proposition three). This implies that if managers invest in EMO and EEO capabilities, then this will positively influence their performance in international markets.

Based on the above findings, it can be concluded that the result of this study and statistical analysis show that the South African export context. The results and statistical analysis show that in the South African export context, it is important to acknowledge the work needed to understand the key to knowledge transfer. Therefore further work is required to understand the key influences to EBD performance in South African export firms as this is beyond the scope of this research.

Approach that included interviews and focus groups and provide to greater insight into the export business developers and capabilities of the research questionnaire provide statistical which may be helpful.

## **7.2 Recommendations**

There are underlying factors that need to be investigated amongst export business developers from an emerging economy, and these behaviours are not only the same as the proposed principles, such as employee-managed as opposed to owner-managed export firms, the impact of firm size on EBD performance. It is recommended that the methodology include secondary data as well as structured questions for expert interviews and group forums. It is recommended that questions such as “what alternative capabilities are have influenced your success or failure in international markets” or “....”

The EMO related recommendation based on findings

The EEO related recommendation based on findings

The export market dynamism related recommendations based on findings

The EBD performance of export business developers can be improved by ...

There is a need for a longer-term evaluation, to properly investigate the impact of participating in an enterprise programme on EBD performance of new recruits into export firms.

One of the recommendations, which was also found to be a gap in the study

### **7.2.1 Recommendations for Academic Research**

Academic institutions, particularly business schools offering EBD courses, would discover knowledge about factors that can be incorporated into the EBD curriculum in order to align themselves with the government and firm-specific imperatives of increasing South African exports. Additionally the improved curriculum would better prepare EBD graduates for a career in developing new business opportunities in international markets.

### **7.2.2 Recommendations and Impact for Business**

The outcome of this research will provide the South African Department of Trade and Industry with information that can be used as input into policy formulation which focuses on the development of new business through the export of South African products

As EBD is context specific, this research will also add to a wealth of knowledge about EBD in a developing economy amongst those who select the export mode of entry as well as those scholars who have an interest in EBD within developing economies Business developers will stand to benefit from understanding the factors that promote EBD behaviour in order to become successful performers in their chosen export markets.

A comparative between the Ghanaian and the South African research aims to determine whether the Boso et al (2012) study has general applicability in South Africa. Moreover, conventional wisdom holds that caution must be used in generalising the results developed from knowledge-intensive firms into a study that combines goods and services sectors (Tajeddini, 2010) Also knowledge-intensive firms are reported to have different growth objectives than so-called traditional firms (Bell, Crick, & Young, 2004). Correspondingly, previous research suggests that the industry and the orientation and experience of entrepreneurs influence the nature of internationalisation (Jones, 1999).

## **7.3 Future Research**

A comparison of the differences of means between the constructs for background variables produced neither statistically significant differences nor practical significance for application in practice. The overall results of this study indicate that two of the three independent variables selected for testing, EMO and EEO were found to have statistically significant relationships with the dependent variables of EBD performance, and the

presence of EMD did not have a statistically significant impact in moderating the joint effects of EMO and EEO.

Large scale evidence concerning the combined influence of EMO and EEO on EBD performance is still lacking (Boso et al, 2012). Studies should focus on the effects of other elements of strategic orientation on the necessary antecedents of export business development and learning orientation. It is suggested that if training has primed individuals believe they has the knowledge, skills and experience to develop export opportunities in international markets, then they are more likely to do so. It is proposed that market orientation and entrepreneurial orientation in addition to general business training, may enhance export business developers performance in international markets. A further area of future research is the potential joint effect of learning orientation with the combined effects of EMO and EEO. This is in response to the dynamic and changing environment as indicated by “the rate of change in export customer needs and competitor actions”

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## 9. APPENDICES

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### 9.1 Appendix 1: Assessment Instrument

The electronic copy of the questionnaire is indicated below. The questionnaire was administered electronically and featured questions on a five point Likert scale. It included input fields to capture answers.



GORDON  
INSTITUTE  
OF BUSINESS  
SCIENCE



## CONSENT TO PARTICIPATE IN AN ACADEMIC RESEARCH STUDY

**RESEARCH TITLE: The role of market orientation and entrepreneurial orientation in business development performance**

Good Day,

You are kindly requested to participate in academic research conducted by Mmachidi Thobejane, a second year MBA student at the Gordon Institute of Business Science. The study comprises six sections and will take 10 minutes to complete.

The objective of the research is to firstly study the market orientation and entrepreneurial orientation of South African export firms; and secondly, to understand the impact of market dynamics in enhancing or hindering business development performance in international markets. Business development comprises a number of tasks and processes generally aimed at developing and implementing profitable opportunities, maintaining partnerships, recognising and responding to customer needs. These tasks/processes vary depending on when they take place in the life cycle of the company/product/services, the actors that carry them out, the extent of risk or novelty that they entail, and whether they involve the creation of new internal or external business units.

Your input will add value in many ways. The most important being, it will enable South African business schools to better prepare managers to improve their orientation for pursuing new opportunities and uncovering unmet needs within existing or new international market segments.

The research is for academic purposes ONLY, in partial fulfilment of the requirements of a Masters in Business Administration (MBA) degree.

Please take note of the following:

- The responses will be kept confidential.

- Respondents will NOT be asked to provide identity and as such, participation will be anonymous.
- By proceeding to answer questions you voluntarily agree to participate in this research however you can withdraw from answering at any stage. It would be highly appreciated however if you could complete all questions and submit the survey by the **20th of September 2012.**
- By completing this survey you consent that the data can be used for the purpose of this research.
- All participants have access to the results if requested.
- Kindly click the link below to access the survey:  
<https://www.surveymonkey.com/s/MJCKGNW>
- Should you require clarity on this survey please contact the following individuals:  
 Mmachidi Thobejane (Researcher) – 083 275 1150 – mthobejane@gmail.com  
 Clive Knobbs (Supervisor) – 082 800 1065 - clive.knobbs@up.ac.za

**Thank you for taking the time to participate in the research.**

**EXPORT BUSINESS DEVELOPMENT SURVEY**

**This section covers some background and introductory questions**

**Instruction for completing this section:** Please select the appropriate answer in the box corresponding to the question.

**\*1. Do you own the organisation you work in?**

- No
- Yes

**\*2. What is your position in the organisation?**

Other (please specify)

- CEO
- Executive
- Business Development Manager
- International Sales Manager
- Trader

**\*3. In which industry sub-sector do you operate?**

Other (please specify)

- Aluminium
- Automotive
- Boat Building
- Cosmetics
- Electrotechnical
- Footwear & Leather
- Fresh Produce
- Iron & Steel
- Steel Fabrication
- Textile
- Other

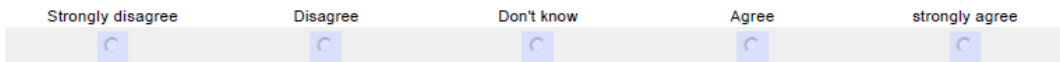
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<p><b>This section covers components of export business development</b></p> <p><b>*8. In relation to your export business strategic objectives, to what extent were you able to...</b></p> <table style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 30%;"></th> <th style="width: 15%;">Not at all</th> <th style="width: 15%;">Below expectation</th> <th style="width: 15%;">In line with expectation</th> <th style="width: 15%;">Exceeded expectation</th> <th style="width: 15%;">Significantly exceeded expectation</th> </tr> </thead> <tbody> <tr style="background-color: #f2f2f2;"> <td style="text-align: left; padding: 2px;">Grow export revenue</td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> </tr> <tr> <td style="text-align: left; padding: 2px;">Implement profitable opportunities</td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> </tr> <tr style="background-color: #f2f2f2;"> <td style="text-align: left; padding: 2px;">Maintain partnerships</td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> </tr> <tr> <td style="text-align: left; padding: 2px;">Recognise new customer needs</td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> </tr> <tr style="background-color: #f2f2f2;"> <td style="text-align: left; padding: 2px;">Respond to new customer needs</td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> <td><input type="radio"/></td> </tr> </tbody> </table>			Not at all	Below expectation	In line with expectation	Exceeded expectation	Significantly exceeded expectation	Grow export revenue	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Implement profitable opportunities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Maintain partnerships	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Recognise new customer needs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Respond to new customer needs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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**This page covers components of export market intelligence generation**

Please select the appropriate buttons to indicate which statement is true to your organisation's export intelligence generation.

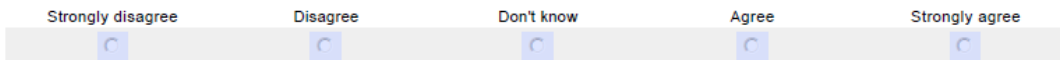
**\*9. We generate a lot of information concerning trends in our export market**

Strongly disagree      Disagree      Don't know      Agree      strongly agree



**\*10. We constantly monitor our level of commitment and orientation to serving export customer needs**

Strongly disagree      Disagree      Don't know      Agree      Strongly agree



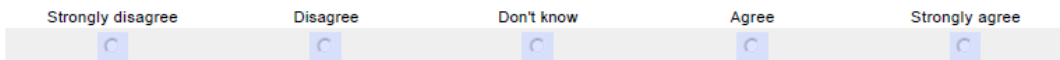
**\*11. We are fast to detect fundamental shifts in our export environment (e.g. regulation, technology, economy)**

Strongly disagree      Disagree      Don't know      Agree      Strongly agree



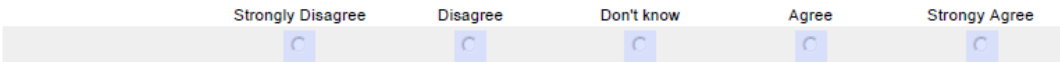
**\*12. We periodically review the likely effect of changes in our export environment (e.g. regulations, technology)**

Strongly disagree      Disagree      Don't know      Agree      Strongly agree



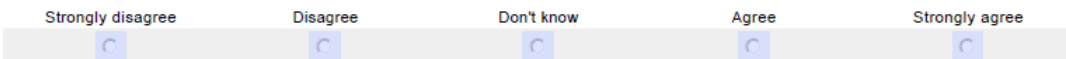
**\*13. Important information concerning export competitors is consciously discarded before it reaches decision-makers**

Strongly Disagree      Disagree      Don't know      Agree      Strongy Agree



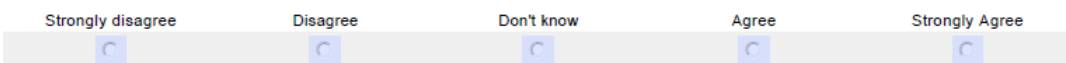
**\*14. Information that can influence the way we serve our export customers takes too long to reach export personnel**

Strongly disagree      Disagree      Don't know      Agree      Strongly agree



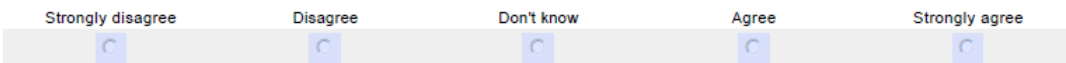
**\*15. Important information about our export customers is often lost in the system**

Strongly disagree      Disagree      Don't know      Agree      Strongly Agree



**\*16. Information about our export competitors' activities often reaches relevant personnel too late to be of any use**

Strongly disagree      Disagree      Don't know      Agree      Strongly agree



**This page covers components of export market intelligence responsiveness**

Please select the appropriate buttons to indicate which statement is true to your organisation's export intelligence responsiveness

**\*17. If a major competitor were to launch an intensive campaign targeted at our foreign customers, we would implement a response immediately**

Strongly disagree      Disagree      Don't know      Agree      Strongly agree

**\*18. We are quick to respond to significant changes in our competitors' price structures in foreign markets**

Strongly disagree      Disagree      Don't know      Agree      Strongly agree

**\*19. We rapidly respond to competitive actions that threaten us in our export markets**

Strongly disagree      Disagree      Don't know      Agree      Strongly agree

**This section covers components of export entrepreneurial orientation**

**This page covers components of export entrepreneurial innovation**

Please select the appropriate buttons to indicate which statement is true to your organisation.

**\*20. Our firm has produced more new products/services for our export markets than our key export market competitors during the past five years.**

Strongly disagree      Disagree      Don't know      Agree      Strongly agree

**\*21. On average, each year we introduce more new product/services in our export markets than our key export competitors.**

Strongly disagree      Disagree      Don't know      Agree      Strongly agree

**\*22. Customers would say that we are more prolific when it comes to introducing new products/services in our export markets.**

Strongly disagree      Disagree      Don't know      Agree      Strongly agree

### This page covers components of export entrepreneurial innovation

Please select the appropriate buttons to indicate which statement is true to your organisation.

**\*23. Relative to our main export competitors, the products/services we offer in our export market(s) are**

	Significantly less extent	Less extent	To an average extent	To a high extent	To an extreme extent
Revolutionary	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Inventive	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>
Novel	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

### This page covers components of export entrepreneurial risk-taking

Please select the appropriate buttons to indicate which statement is true to your organisation.

**\*24. The Managers in our organisation, in general, tend to invest in high-risk export projects**

Not at all	Significantly less extent	Average extent	High extent	Extremely high extent
<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**\*25. Our organisation shows a great deal of tolerance for high-risk export projects**

Not at all	Significantly less extent	Average extent	High extent	Extremely high extent
<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**\*26. Our export strategy is characterised by a strong tendency to take risks**

Not at all	Significantly less extent	Average extent	High extent	Extremely high extent
<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**\*27. Taking chances is part of our export business strategy**

Not at all	Significantly less extent	Average extent	High extent	Extremely high extent
<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**\*28. We seek to exploit anticipated changes in our export market ahead of our rivals**

Not at all	Significantly less extent	Average extent	High extent	Extreme high extent
<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**\*29. We act opportunistically to shape the export environment in which we operate**

Not at all	Significantly less extent	Average extent	High extent	Extremely high extent
<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**\*30. Our foresight makes us a leader in our export market**

Not at all	Significantly less extent	Average extent	High extent	Extremely high extent
<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>

**This page covers components of export competitive aggressiveness**

Please select the appropriate buttons to indicate which statement is true to your organisation.

**\*31. Which posture do you typically adopt to achieve your export competitive goals?**

	Significantly less extent	Less extent	Average extent	High extent	Extremely high extent
An 'undo-the-competitor' posture	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Target our export competitors' weaknesses	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Take hostile steps	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**This page covers components of autonomy**

Please select the appropriate buttons to indicate which statement is true to your organisation.

**\*32. Export personnel behave autonomously in our export operation**

	Not at all	Significantly less extent	Average extent	High extent	Extremely high extent
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**\*33. Export personnel act independently when executing their export ideas through to completion**

	Not at all	Significantly less extent	Average extent	High extent	Extremely high extent
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**\*34. Management approves of independent activities by our staff to develop new export opportunities**

	Not at all	Significantly less extent	Average extent	High extent	Extremely high extent
	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

**This section covers components of export market dynamism**

**\*35. Market dynamism**

	Strongly disagree	Disagree	Don't know	Agree	Strongly agree
The nature of the competition in our export markets varies from one product line to another	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our export customers' buying habits are different for all our products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Competitors are constantly trying out new competitive strategies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please select the appropriate buttons to indicate which statement is true to your organisation.

**\*36. Participant knowledge**

	Strongly disagree	Disagree	Don't know	Agree	Strongly agree
The questionnaire deals with issues I have knowledge about	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My answers to the questions in the questionnaire are accurate	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

## 9.2 Appendix 2: Percentage Distribution of Frequencies

<b>Export Business Development</b>					
<b>In relation to your export business strategic objectives, to what extent were you able to...</b>					
<b>Answer Options</b>	<b>Not at all</b>	<b>Below expectation</b>	<b>In line with expectation</b>	<b>Exceeded expectation</b>	<b>Significantly exceeded expectation</b>
Grow export revenue	3%	19%	55%	17%	5%
Implement profitable	2%	24%	50%	22%	2%
Maintain partnerships	5%	12%	57%	21%	5%
Recognise new customer needs	5%	10%	47%	34%	3%
Respond to new customer	5%	24%	41%	26%	3%
<b>Export Market Orientation</b>					
<b>We generate a lot of information concerning trends in our export market</b>					
<b>Answer Options</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Don't know</b>	<b>Agree</b>	<b>strongly agree</b>
	5%	16%	9%	60%	10%
<b>We constantly monitor our level of commitment and orientation to serving export customer needs</b>					
	5%	12%	7%	66%	10%
<b>We are fast to detect fundamental shifts in our export environment (e.g. regulation, technology, economy)</b>					
	7%	16%	10%	52%	16%
<b>We periodically review the likely effect of changes in our export environment (e.g. regulations, technology)</b>					
	5%	17%	5%	60%	12%
<b>Important information concerning export competitors is consciously discarded before it reaches decision-makers</b>					
	11%	48%	20%	18%	4%
<b>Information that can influence the way we serve our export customers takes too long to reach export personnel</b>					
	9%	41%	16%	29%	5%
<b>Important information about our export customers is often lost in the system</b>					
	16%	54%	9%	16%	5%
<b>Information about our export competitors' activities often reaches relevant personnel too late to be of any use</b>					
	9%	39%	20%	27%	5%
<b>If a major competitor were to launch an intensive campaign targeted at our foreign customers, we would implement a response immediately</b>					
	0%	28%	15%	49%	8%
<b>We are quick to respond to significant changes in our competitors' price structures in foreign markets</b>					
	6%	28%	11%	51%	4%
<b>We rapidly respond to competitive actions that threaten us in our export markets</b>					
	4%	30%	8%	47%	11%
<b>Our firm has produced more new products/services for our export markets than our key export market competitors during</b>					
	4%	36%	17%	36%	8%
<b>On average, each year we introduce more new product/services in our export markets than our key export competitors.</b>					
	6%	36%	21%	30%	8%
<b>Customers would say that we are more prolific when it comes to introducing new products/services in our export markets.</b>					
	4%	40%	25%	26%	6%
<b>Export Entrepreneurial Orientation</b>					
<b>Our foresight makes us a leader in our export market</b>					
	12%	18%	34%	32%	4%
<b>Which posture do you typically adopt to achieve your export competitive goals?</b>					
<b>Answer Options</b>	<b>Significantly less extent</b>	<b>Less extent</b>	<b>Average extent</b>	<b>High extent</b>	<b>Extremely high extent</b>
An 'undo-the-competitor'	20%	30%	40%	10%	0%
Target our export competitors'	10%	22%	34%	32%	2%
Take hostile steps	30%	28%	28%	12%	2%
<b>Export personnel behave autonomously in our export operation</b>					
<b>Answer Options</b>	<b>Not at all</b>	<b>Significantly less extent</b>	<b>Average extent</b>	<b>High extent</b>	<b>Extremely high extent</b>
	16%	12%	39%	27%	6%
<b>Export personnel act independently when executing their export ideas through to completion</b>					
	18%	22%	43%	12%	4%
<b>Management approves of independent activities by our staff to develop new export opportunities</b>					
	8%	22%	35%	33%	2%
<b>Export Market Dynamism</b>					
<b>Answer Options</b>	<b>Strongly disagree</b>	<b>Disagree</b>	<b>Don't know</b>	<b>Agree</b>	<b>Strongly agree</b>
<b>The nature of the competition in our export markets varies from one product line to another</b>					
	10%	10%	10%	57%	12%
<b>Our export customers' buying habits are different for all our products</b>					
	4%	16%	8%	55%	16%
<b>Competitors are constantly trying out new competitive strategies</b>					
	6%	14%	18%	51%	10%

### 9.3 Appendix 3: Permission to use Boso et al (2012) Assessment Instrument

Leeds University Business School

Maurice Keyworth Building  
University of Leeds  
Leeds LS2 9JT  
W [www.leeds.ac.uk/lubs](http://www.leeds.ac.uk/lubs)



**UNIVERSITY OF LEEDS**

Mmachidi Thobejane  
Gordon Institute of Business Science  
University of Pretoria  
South Africa

Dear Thobejane

**Permission to Use Questionnaire Items**

We are happy to learn that you are interested in researching issues regarding the key determinants of product innovation success in developing economies. This is to certify that we are very happy for you to use our questionnaire items, published in International Small Business Journal, for your study.

Our only request from you is that you will cite our article in your work by acknowledging that you have borrowed the questionnaire items from us.

With very best wishes



Dr. Nathaniel Boso  
Lecturer in Marketing  
Leeds University Business School  
Maurice Keyworth Building, Room G.04  
University of Leeds  
Leeds, LS2 9JT, UK  
Phone: +44 (0) 113 343 2636,  
Email: [N.Boso@Leeds.ac.uk](mailto:N.Boso@Leeds.ac.uk)



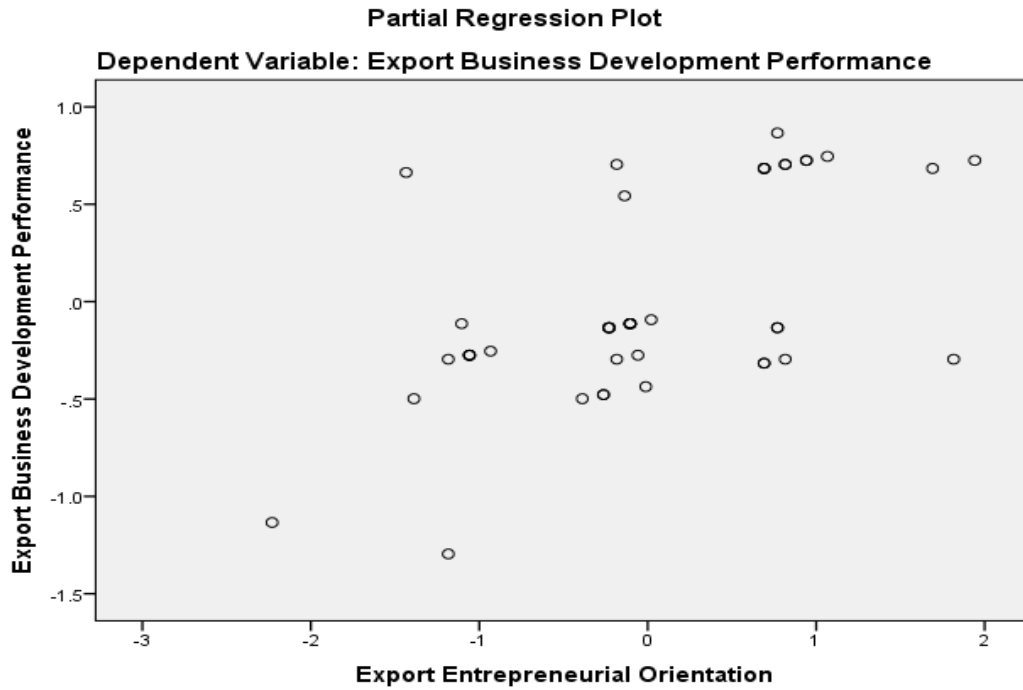
## 9.4 Appendix 4 : Cronbach's Alpha of EMO Construct

### Item-Total Statistics

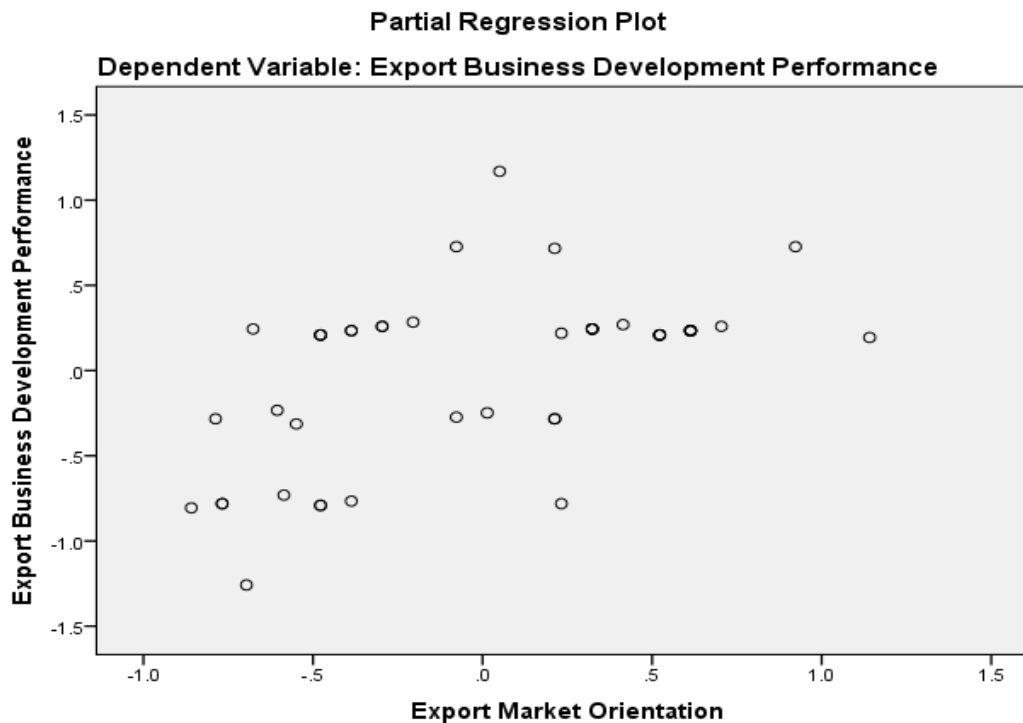
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
EMOINTGEN1We generate a lot of information concerning trends in our export market	31.24	21.075	.448	.518	.474
EMOINTGEN2We constantly monitor our level of commitment and orientation to serving export customer needs	31.17	21.258	.444	.616	.476
EMOINTGEN3We are fast to detect fundamental shifts in our export environment (e.g. regulation, technology, economy)	31.22	19.952	.496	.603	.452
EMOINTGEN4We periodically review the likely effect of changes in our export environment (e.g. regulations, technology)	31.22	19.952	.549	.584	.443
EMOINTDISS1Important information concerning export competitors is consciously discarded before it reaches decision-makers	32.22	23.952	.132	.182	.554
EMOINTDISS2Information that can influence the way we serve our export customers takes too long to reach export personnel	31.96	27.109	-.153	.593	.623
EMOINTDISS3Important information about our export customers is often lost in the system	32.43	26.785	-.126	.592	.616

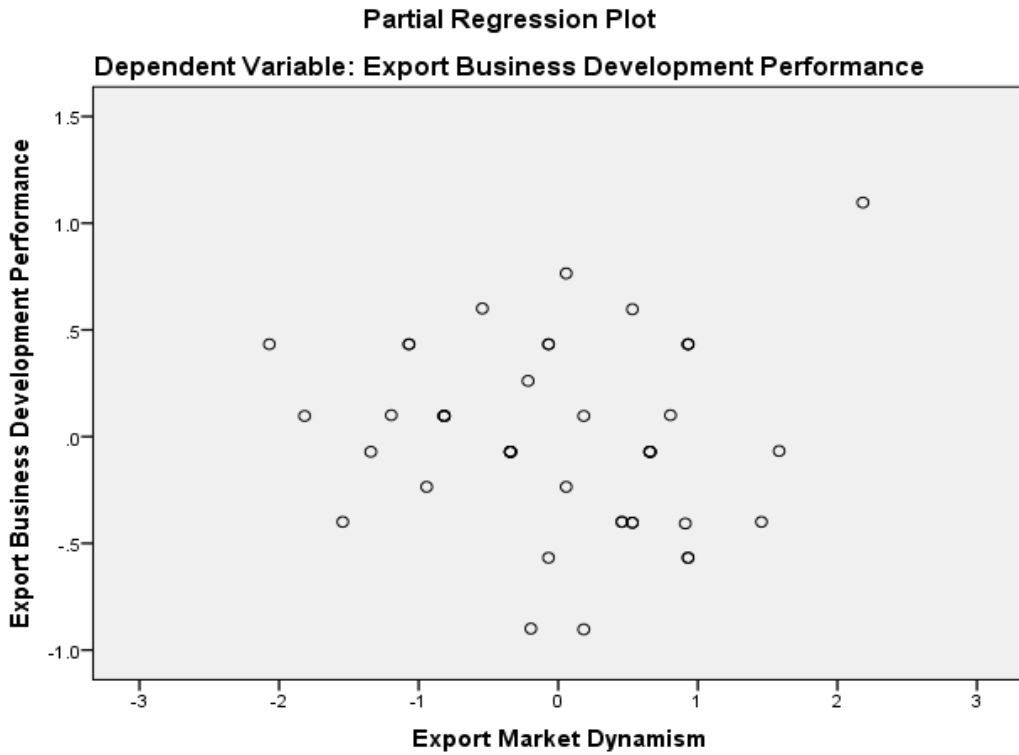
EMOINTDISS4Information about our export competitors' activities often reaches relevant personnel too late to be of any use	32.02	24.333	.088	.636	.566
EMOINTRESP1If a major competitor were to launch an intensive campaign targeted at our foreign customers, we would implement a response immediately	31.57	24.429	.129	.437	.552
EMOINTRESP2We are quick to respond to significant changes in our competitors' price structures in foreign markets	31.57	22.207	.352	.848	.501
EMOINTRESP3We rapidly respond to competitive actions that threaten us in our export markets	31.43	21.629	.356	.859	.496

## 9.5 Appendix 5: Multiple Regression Diagrams



The diagrams below illustrate the relative strength of association between EBD performance and EMO. There was a positive relationship.





The above diagram illustrates the relative strength of association between EBD performance and EMD. There was a positive non-linear relationship between the control variable EMD and the joint effects of EMO and EEO.