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MARKETING CAPABILITIES-EXPORT MARKET ORIENTATION AND EXPORT PERFORMANCE RELATIONSHIP: ESTABLISHING AN EMPIRICAL LINK

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Abstract

This study examines the effects of marketing capabilities and export market orientation on export performance. In this regard, suggesting hypotheses about the relationships between these variables, the model has been proposed. Using survey data of 416 manufacturing firms based in Turkey that are exporting to international markets, the model was tested by confirmatory factor analysis and structural equation modeling. Results indicate that product development and channel management marketing capabilities are significantly affect export market orientation. Also, there is a strong relationship between export market orientation and three dimensions of export performance: financial performance, strategic performance and satisfaction with export venture.

Keywords: marketing capabilities, export market orientation, export performance

Topic Groups: Business strategy, international business, marketing and consumer behavior

1. INTRODUCTION

Being successful in international markets cannot be easy every time due to the fact that international marketing environment is more complicated, dynamic and multi-dimensional. In order for the firms to gain sustainable competitive advantage and reach superior performance in foreign markets, they need to develop capabilities appropriate for international market environments. Firms need to find new markets, adapt their products in line with the needs of these markets and/or develop new export products, determine pricing strategies, select appropriate distribution channels and pursue promotional activities in order to be long-term and permanent in foreign markets. This can be possible through the presence of marketing capabilities. Besides, in order to get a regular and continuous success in exporting performance, firms need to follow-up the rivals, customers and other environmental conditions in the foreign market according to their resource and capabilities as being export market oriented (Murray et al., 2007). The purpose of this study is to examine

the relationship among firms' marketing capabilities, their export market orientation and export performance. In this respect, this study aims at examining the extent to which export performance in foreign markets are affected through firms' marketing capabilities and export market orientation. The integrative model suggested for the purpose of removing single way model approaches detected in both theoretical and experimental in the former studies on the factors affecting export performance and the discussions to be made within this framework are thought to be the contributions of this study to the relevant literature. In this study, the content of dynamic capabilities approach the relevant literature was explained. Next, in light of the theoretical information, the hypothesis and the research model were developed. Later, a questionnaire was prepared for the validity of the hypothesis and the research model and it was conducted with the member firms of Turkish Exporters' Association, which was selected as the sample. Data obtained were analyzed and finally interpretations were made regarding the finding.

2. LITERATURE REVIEW

Dynamic capabilities approach was developed to find an answer to the question why some firms cannot be successful in maintaining their competitive advantage in the long run although they have relatively superior resources in the dynamic markets (Teece et al., 1997). In this respect Teece et al., (1997) defined dynamic capabilities as the firm's capability to create, integrate and reconstruct internal and external abilities. Griffith and Harvey (2001) examined this term in a global framework and defined as creating inimitable resources that can ensure worldwide competitive advantage to the firm and include effective coordination of its inter-organizational relationships. Morgan et al., (2012) based the effectiveness of export marketing plan as the main factor that effecting export performance on dynamic capabilities theory. According to dynamic capabilities theory, the most important factor that ensures the implementation effectiveness of the planned marketing strategies is the capabilities the firm has (Morgan et al., 2012). Firms use these capabilities to transforming marketing strategies decisions into appropriate tactics and resource allocation for current and future potential markets. In this way dynamic capabilities enable firms to take advantage with new ventures and the strategies they developed are entering new market areas, performing successful mergers, learning new skills, overcoming stagnation and producing new technologies with research and development units (Zahra et al., 2006). Such activities also increase organization's agility and market responsiveness. Also, dynamic capabilities facilitate and encourage internalizations. To further generalize, dynamic capabilities have a great importance for firms especially in the international markets for creating new ventures, successfully entering markets and survival. Thereby in this paper the relationship among firms' marketing capabilities, their export market orientation and export performance explained in the context of dynamic capabilities approach. Marketing capabilities are value creation mechanisms which are static and inimitable (Morgan et al., 2009a), Morgan et al., (2009a) examined the relationship between the marketing capabilities such as brand management, market sensitivity and consumer relationships and firm's profit, based on dynamic capabilities theory. As a result, the stronger brand management and market sensitivity capabilities, the higher will be the profit growth rates. However, consumer relationships capabilities have a negative impact on the profit growth rates. According to Morgan et al., (2012), the dynamic capabilities theory emphasizes the view that the company's different organizational capabilities may be complementary characteristics and can create additional economic gain. As a result of their studies, Morgan et al., (2012) found that marketing capabilities would enable the company to successfully implement its export marketing strategy as it planned and therefore enhance its export performance. Marketing

capabilities are based on "market knowledge about the experiences and customer needs" that the firm obtains while estimating and meeting customer needs through market orientation (Morgan et al., 2012). In this respect, these capabilities were generated by the information that is hard to copy by rivals and that is secretly held (Murray et al., 2011). Marketing capabilities became a unique by combining the employees' knowledge and skills with their past experiences in new product development, sales and distribution activities. As a result, these capabilities cannot be easily imitated by the rivals and assist firms for achieving sustainable competitive advantage. Blesa and Ripolles (2008) point out that marketing capabilities facilitate knowledge of customers, product development and adaptation, as well as meticulous manipulation of key marketing tactical elements to target foreign customers with quality, differentiated goods. Blesa and Ripolles (2008) found that marketing capabilities have a positive impact on the company's international commitment, entry modes and economic performance. Katsikeas et al., (1996) used production and marketing capabilities as a factor of competitive advantage and found that marketing capabilities have a positive effect on export performance. Similarly Vorhies and Morgan (2005)'s study demonstrates that there is a positive relationship between marketing capabilities and business performance. According to the researchers, certain capabilities mentioned in the literature as inputs used in producing valuable outputs are the elements of conventional marketing mix. Based on the literature, the researchers included 'sales, management of the market information, marketing planning and implementation' as elements of marketing mix. Scope of the resource-based approach, Nath et al., (2010) searched the firm's functional capabilities as 'marketing and operational capabilities' and 'product, service and international diversification strategies' effect on the financial performance in the logistics sector. They found that, marketing and operational capabilities of firm's enhance their business performance. On the other hand, Krasnikov and Jayachveran (2008) assumed that different capabilities do have different impacts on performance. They concluded that there is a positive and significant relationship between the firm's marketing, R&D and operational capabilities and performance, and also found that the effect of the marketing capabilities is higher than the other capabilities. Slotegraaf and Dickson (2004) define marketing planning capabilities as the ability to anticipate and respond to the market environment in order to direct firm's resources and actions in ways that align the firm with the environment and achieve the firms' financial targets. They found that marketing planning capabilities have a direct, curvilinear and negative effect on the financial performance. Desarbo et al., (2005) assume marketing as a one of the strategic capabilities and measured with variable such as "knowledge of customers and competitors, integration of marketing activities, skill to segment and target markets and the effectiveness of pricing and advertising programs" then investigate its effect on firm's performance. They found that understanding interaction of capabilities and environmental factors' by the managers have a significant effect on the SIBs' performance. Depending on this body of knowledge, there are a wide range of studies (Katsikeas et al., 1996; Blesa and Ripolles, 2008; Murray et al., 2011; Morgan et al., 2012) supporting the positive impact of marketing capabilities (product, price, distribution, marketing communication, sales, market information management, marketing planning and implementation) on export performance. However, there is limited number of studies with regard to the effect of export-market orientation on marketing capabilities. For instance, according to Day (1994), marketing capabilities depend on the "past experience" accumulated during the anticipating and responding the demands of the consumers via market orientation and "market information" about the customer demand. Murray et al., (2011) suggests that the development of unique and valuable capabilities is a difficult process as it increases the firm's knowledge requirement in its complicated export environment. According to Murray et al., (2011), market orientation is a leading factor in

developing the marketing capabilities in terms of the generating, disseminating and responding the required export intelligence. In this respect, they examined the mediator role of marketing capabilities (new product development, pricing and marketing communication) between export market orientation and export performance. As a result of their study there is a significant relationship between export-market orientation and marketing capabilities. In particular, they determined a relationship between new product development capabilities and product and strategic export performance. Besides they discovered a relationship between the pricing capabilities and financial and strategic export performance. In this respect, they proved an indirect relationship between export market orientation and export performance with a mediator role of marketing capabilities. Therefore, the following hypothesis is proposed:

H1: The possession of marketing capabilities relating to product development, pricing, channel management, selling, delivery management, marketing communication and post-sale service is positively associated with the export market orientation.

Export market orientation is a market oriented strategy executed in the export environment. Cadogan et al., (2009) defines it as firm's efforts to integrate its marketing concept into their export operations. Akdeniz et al., (2010) relates it to the capabilities of building and managing the communication and the relationship with the consumers. According to Kohli and Jaworski (1990), Narver and Slater (1990) and Cadogan et al., (2001), export market orientation refers to the firm continuously and regularly activity of monitoring the consumers, rivals and other environmental factors in the international market environment in order to develop and offer products meeting the demands of consumers in the export market (Murray et al., 2007). Cadogan et al., (2002) defined *export market orientation activity* as "the generation of market intelligence pertinent to the firms exporting operation, the dissemination of this information to appropriate decision makers and the design and implementation of responses directed toward export customers, competitors and other extraneous export market factors which affect the firm and its ability to provide superior value for export customers". In this respect, if firms' level of export market orientation is high, it is expected that they can reach more information about the needs of consumers in export market. Also, firms would better understand strategies of rivals in export markets and could respond them better (Dodd, 2005). Hence, export market oriented behavior assist firms to gain the ability to create superior value for their foreign customers. If the firm could continuously identify and respond to current and future needs and preferences of their customers, it achieves better position by satisfying their customers than its rivals (Cadogan et al., 2002). According to Murray et al., (2008), export market orientation is a valuable resource for developing and implementing effective pricing and promotion strategies as well as the new product development. It is seen that interest towards export market orientation, which is the indicator factor of export success, in the field of export performance research has gradually increased from the second half of 1990s (Sousa et al., 2008). Thus, researchers (Cadogan and Diamantopoulos, 1995; Cadogan et al., 1999; Collins-Dodd, 2000; Cadogan et al., 2002; Akyol and Akehurst, 2003; Cadogan et al., 2003; Cadogan and Cui, 2004; Knight and Cavusgil, 2004; Dodd, 2005; Murray et al., 2007; Cadogan et al., 2009; Murray et al., 2011) mostly aim to explore the relationships between exporting firms that adopted export market orientation behavior and their export performance. Cadogan et al., (1999) developed the existing market orientation scales which had previously been designed in relevant literature (Kohli and Jaworski, 1990; Narver and Slater, 1990), more comprehensive and adapted to export markets and examined its cross-cultural consistency. Cadogan et al., (1999) found a positive and significant relationship between export market

orientation and export performance (sales, goals of management and global evaluation of firm's export successes). Murray et al., (2007) improved the studies of Cadogan et al., (1999) examined whether export market orientation and export performance scales differ among domestic and foreign firms manufacturing and exporting in China through a cross-cultural analysis. As a result they determined the scale's stability. Also in their studies, they found that the effects of export market orientation factors on export performance (satisfaction with export venture and financial performance) differed among foreign and domestic firms in China. It was concluded that there was a positively significant relationship between the generation of market intelligence and export performances of the foreign firms in China. In addition Cadogan et al., (1999) declare that there is no significant relationship between dissemination of this information and export performances of the domestic and foreign firms in China although there is a positive and significantly relationship between responding the export intelligence and export performances of the domestic firms in China. Murray et al., (2011) examined the relationship between market orientation, marketing capabilities, internal and external factors, competitive advantages for effects on firms export performance (financial, strategic and product) in China. They found that marketing capabilities had a mediator role between export market orientation and export performance. Cadogan et al., (2002) analyzed the moderator role of export market environment between export market orientation and export performance. As a result of their study, export performance was positively related with the activities of export market orientation without the effect of environmental factors. Cadogan et al., (2003) investigated the effect of export market orientation behavior on firms' export performance in unstable and dynamic export market environments. Researchers detected a positive relationship between market orientation behavior and export growth performances. Also they found an indirect relationship between market orientation behavior levels and export profit performances of exporters driven by growth. Moreover, they concluded that *competitive intensity and technological change* in export markets had a moderate the effect on the relationship between exporters' market oriented behaviors and export performances. Similarly Akyol and Akehurst (2003) and Dodd (2005) found a positive relationship between export market orientation and export performance. Knight and Cavusgil (2004) revealed that born global firms could achieve success in international performance through the strategies they developed with the scope of their international market and entrepreneurial orientations. In other words, there is an indirect relationship between international market orientation and international performance. On the other hand, Cadogan and Cui (2004) concluded that export performance of export agencies high levels of export market orientation behavior in China decreased as the level of export market orientation increased. Cadogan and Cui (2004) argued that the reason why their hypotheses were not supported with analysis was the insufficiency of research models. Similarly, Cadogan et al., (2009) revealed that as the export market orientation level of the exporting firms extremely increased, their export performance would decrease. Cadogan et al., (2009) explained the reason of this result as investing in EMO behavior, for increasing its level, represents an opportunity cost because it is drawing on resources that would be better employed elsewhere (e.g., investing in developing greater technological orientation or other market-driving approaches) for providing customers with value. Francis and Collins-Dodd (2000) found a positive and significant relationship between proactive export orientation of high-tech (information and telecommunication) SME's export performance. It was also concluded that passive export orientation has a negative and significant relationship with *export intensity* and *export sale*, indicators of export performance, but no relationship with *growth in export intensity* and *gross export profit* (Francis and Collins-Dodd, 2000). According to Cadogan et al., (1999) and Murray et al., (2011), the complexity of export market environment leads to increase the

requirement of information. In this respect, within the studies examining export performance, it is necessary to consider firms' market orientation in the export markets. In light of this information, it is expected that market oriented firms continuously obtain appropriate export market information, share this information with export staff or other decision makers in the organization and they may increase their export performance by rapidly responding to changes in the export market (Murray et al., 2011). Thus, the final hypothesis is as follows:

H2: Export market orientation is positively associated with the export venture's financial performance, strategic performance and satisfaction with export venture.

In relevant literature, no studies have been observed to investigate the effect of marketing capabilities on firms' export performance through export market orientation by measuring in various dimensions. For instance, in the study by Morgan et al., (2009b), it is detected the effect of marketing capabilities and market orientation on firm performance in common and separately, but their effect on each other wasn't examined. In a study of Murray et al., (2011), it was concluded that export market orientation affected "new product development, pricing and marketing communication capabilities" in a positive way. However, in contrast with the reviews and discussions in literature, in this research and model, export performance was measured within the scope of "the effect of marketing capabilities on export market orientation". The suggested model towards removing the mentioned gaps is shown in Figure 1.

Figure 1: Conceptual model of the relationships among marketing capabilities, export market orientation and export performance.



3. METHODOLOGY

3.1. Research context

Following the suggested hypothesis and the research model in this study, it is planned that the firms operating in any sub-branches of the manufacturing sector in Turkey were selected as sample on condition of continuously and regularly exporting. According to the regulation published by the Republic of Turkey Ministry of Economy; "Real or legal persons that would export are obliged to be a member of the closest Exporter's Association which operates in the sector of the goods they would export and where there are the center or branch addresses registered to the trade registry" (<http://www.tim.org.tr/tr/kurumsal-tim-ve-birlikler-yasasi.html>). Thus, the population of this study is the member firms of the Turkish Exporters' Association. However, it is not possible to reach the entire Exporters' Associations. There are thirteen Exporters' Association General Secretariat serving exporters and Exporters' Associations in Turkey (<http://www.ekonomi.gov.tr>). Due to the contact information list of the exporting firms can be provided from Aegean, Antalya, Denizli, Central Anatolian, Southeast Anatolia, and Black Sea Exporters' Association General Secretariat web sites, the database of 21344 firms, members of Exporters' Association in July 2012, are the sample framework of this study. Therefore, the sector, the size and source of the capital (foreign/domestic) are not taken into consideration.

3.2. Measure development

In this study, marketing capabilities measured with the dimensions of "product development, pricing, channel and delivery management, marketing communication, selling and post-sales services", using the architectural export marketing capabilities scale of Morgan et al.,(2012), in order to examine marketing mix strategies as a whole. In this respect, marketing capabilities are measured with a five-point scale comprised of 28 items and 7 dimensions (1=much worse than competitors; 5= much better than competitors). The firms were asked to consider the assessing their export marketing capabilities relative to major competitors in the export markets. Market orientation was examined within the scope of export, employing exploratory research by the pioneer study of Cadogan and Diamantopoulos (1995) in the relevant field. Following an empirical research was conducted by the same authors in 1996 (Cadogan et al., 2002). Cadogan et al., (1999) defined export market orientation with four variables such as "generation, dissemination, and responsiveness of export intelligence and coordinating mechanism". In this research, the scale of Cadogan et al., (2009) was preferred which was reviewed and improved without including coordination mechanism to the export market orientation scale of Cadogan et al., (1999). Thus, depend on Cadogan et al., (2009) export market orientation is measured on a five-point scale, from 1=strongly disagree to 5=strongly agree, with 14 items. Zou et al., (1998) argued that a major cause controversy with regard to how export performance should be measured is lack of integrative and comprehensive scale in export performance. According to Akyol and Akehurst (2003), important advancement can be made in the relevant literature, using both subjective and objective measures to evaluate the export performance. In order to make export performance findings comparable and eliminate the inconsistencies in the literature, Zou et al., (1998) developed a generalized export performance measure, the EXPERF scale that can be applied to multiple countries. This comprehensive scale integrates both objective (financial and strategic) and subjective (satisfaction with the export venture) measures. Murray et al., (2007) adapted the export performance scale of Zou et al., (1998) in their studies to figure out whether export market orientation and export performance scales differ among domestic and foreign exporter in manufacturing sector. In this study, export performance scale of Zou et al., (1998) was used and in filling out the portion of the questionnaire dealing with export performance, managers were asked to provide their own assessment of the performance of a recent venture into a foreign market. For this construct, nine items measured by using a 5 point scale, from 1=strongly disagree to 5=strongly agree.

3.3. Data Collection

As mentioned before, in this study sample frame was Association of Exporters' data base of 21344 exporting firms. The questionnaire was send with an e-mail to a great majority of the firms (21274). The target contact was the export marketing manager, marketing manager, chief executive officer, or employee working in other positions would know most about the firm's exporting operations. Also in the 70 export firms that could be reached easily, the target contact was interviewed in person. 346 usable responses were returned by email. As a result, the analysis of the study was conducted with the 416 usable responses, 70 of them obtained in-person and 346 of them administered using email. 23 of the firms, the questionnaire was sent by email stated that they only performed good/services sales and marketing activities in free zone so they didn't do any exporting actually. Moreover, a part of the firms declared that they exported to subsidiaries in foreign markets. Thus, these firms were excluded from this research. It is seen that a wide range of manufacturing industries responded to the survey, mostly including firms in the following subsectors: 21,2% food; 17,3% metal; 14,2% textiles; 11,1% machinery; 4,1%chemical; 3,8% furniture; 1,9%

automobile. Number of employees between 50 and 249 in the firms sampled was consist of 36.3% and 5 or more exporting staff consist of 35,8%. Besides 24,6% of the firms had been exporting for 20 or more years and 43,8% of the firms' ratio of export sales to total sales is 50% or more. In this respect, it can be said that a majority of the firms in the sample deal with exporting continuously and regularly.

4. FINDINGS

Assessing the reliability of the scale, Cronbach's alpha correlation coefficients were used. It was observed that the scale of the marketing capabilities (product development 0.91, pricing 0.89, delivery management 0.85, channel management, marketing communication, selling and post-sales services 0.92) export market orientation (export intelligence generation 0.80, export intelligence dissemination 0.74, export intelligence responsiveness 0.70) and export performance (financial performance 0.84, strategic performance 0.93, satisfaction with export venture 0.90) reliability estimates range from 0.70 to 0.93 appropriate for the critical value of 0.7 recommended by Hair et al. (2006:778). To evaluate the measurement properties of the scales, it is estimated a confirmatory factor analyses (CFA). The fitness indices suggest good fit ($\chi^2=1985.39$; $df=709$; $\chi^2/df=2.8$; $RMSEA=0.066$; $CFI=0.91$; $IFI=0.91$; $NNFI=0.91$) for the construct model. However, some goodness of fit statistics ($NFI=0.87$; $GFI=0.81$; $AGFI=0.78$) indicate that the model is not acceptable. In other words, as a result of the confirmatory factor analysis, it was found out that items in the questionnaire didn't measure or explain the latent variables sufficiently and significantly. Also, the dimensions of marketing capability (except the product development and channel management) are not significantly related to the export market orientation. At this point, it should be noted that through the eliminating "pricing, delivery management, marketing communication, selling and post-sale service" dimensions' of marketing capability from the researched model, an alternative model was developed, dedicated to the literature (Figure 2). There is a consensus about using structural equation modelling that if goodness of fit statistics are not acceptable or the factor loadings for each individual indicator on the respective constructs are not statistically significant, by making necessary corrections and reporting all the results, the model can be re-tested (Şimşek, 2007: 107-122). Thus, it is supposed that findings to be obtained through the alternative model would increase the contribution to literature. Hence, in this study, based on the literature, an alternative model was developed towards the mediator role of export market orientation in the relationship between the two dimensions of marketing capabilities "product development and channel management" and export performance.

Figure 2: Alternative Model



It is refined the measures, assessed the reliability and then run CFA to verify the construct structures of alternative model. As a result, the Cronbach's alpha score for the marketing capabilities and expert performance scales were above 0.84 is considered as being a good level of reliability (Hair v.d., 2006:778). In terms of reliability, "export market orientation"

scale range was 0.60 to 0.70 may be acceptable (Hair et al., 2006: 778). In the relevant literature, it is observed that Cronbach's alpha value was accepted above 0.60 (Choi and Eboch, 1998; Day et al., 1998; Lonial and Raju, 2001; Shin et al., 2000; Anwar and Sohail, 2003). The most of the fitness indices suggest good fit for the measurement model ($\chi^2/df=1.83$; RMSEA=0.045; SRMR=0.03; CFI=0.98; IFI=0.98; NNFI=0.97 and NFI=0.95). Also, some of the goodness-of-fit indicators (GFI=0.94 and AGFI=0.91) acceptable fit to the data. Thus, it can be said that the model generally represents a good fit to the data. It is reported the standardized solution and t-values to the correlation between latent variable and observed variable, and also explained variance (R²) regard to each of observed variables in Table 1.

Table 1: Results of Confirmatory Factor Analysis: The Alternative Model

Variables	Dimensions and Items	Reliability (Cronbach's Alpha)	R²	t -Values	Standardized Solution β
Marketing Capabilities	Product development	0.91			
	PD1		0.66	19.53	0.81
	PD2		0.67	19.90	0.82
	PD3		0.79	22.69	0.89
	PD4		0.73	21.15	0.85
	Channel management	0.92			
	CM1		0.77	22.19	0.88
	CM2		0.80	22.91	0.89
	CM3		0.77	22.30	0.88
	CM4		0.67	19.98	0.82
Export Market Orientation	Export market orientation	0.60			
	EMO1		0.69	16.74	0.83
	EMO2		0.15	7.36	0.39
	EMO3		0.38	12.24	0.61
Export Performance	Financial performance	0.84			
	FINP1		0.42	14.14	0.64
	FINP2		0.74	21.21	0.86
	FINP3		0.81	22.66	0.9
	Strategic performance	0.93			
	STRP1		0.77	22.44	0.88
	STRP2		0.86	24.55	0.93
	STRP3		0.81	23.35	0.9
	Satisfaction with export venture	0.90			
	SEP1		0.80	22.77	0.89
	SEP2		0.80	22.76	0.89
SEP3		0.65	19.42	0.81	

Goodness of Fit Statistics; $\chi^2 = 284.91$; $df = 155$; $\chi^2 / df = 1.838$; RMSEA= 0.045;

SRMR = 0.033; CFI =0.98; IFI= 0.98; NNFI=0.97; NFI=0.95; GFI= 0.94; AGFI=0.91

Standardized solution indicates each observed variable's power to represent their latent variable (Şimşek, 2007:85). For instance, the parameter regarding the item of strategic performance "export venture strengthen our global strategic position (STRP2)" was 0.93. In this context, standardized solution exposed the items' relative importance to the latent variables. Also, in order the model to be accepted, all of the standardized solution values should be less than one (Hair et al., 1998:610; Şimşek 2007:85). As it can be seen in Table 1, all of the standardized solutions are below this level. In the model, the t-values of the path defined from latent variables to the observed variables should be above 1.96, which is the critical value at 95% reliability level (Hair et al., 1998: 610; Şimşek, 2007: 86). In the analysis, the results of t-values are more than 1.96. Thus, the parameters are significant at 95% reliability level. In this study, the explained variance values were also investigated. It is observed that financial performance was mostly explained with the item "this export venture generated a high volume of export sales (FINP3)" ($R^2 = 0.81$); and it was the least explained with the following item "exporting venture has been very profitable (FINP1)" ($R^2 = 0.42$). Overall the results suggest that the measurement model fits the data well and the constructs exhibit sufficient measurement properties for further analyses. Thus, it is tested the hypothesized model (alternative model) using maximum likelihood estimation in a structural equation model. It is reported that the correlations in Table 2.

Table 2: Result of Structural Model: Alternative Model

The Suggested Alternative Model	Standardized Solution β	t- Values
Product development → Export market orientation	0.35*	5.44
Channel management → Export market orientation	0.36*	5.50
Export market orientation → Financial performance	0.85*	9.18
Export market orientation → Strategic performance	0.88*	10.80
Export market orientation → Satisfaction with export venture	0.89*	10.85
Goodness of Fit Statistics: $\chi^2 = 512.21$; $df = 164$; $\chi^2 / df = 3.12$; RMSEA= 0.072; CFI=0.95; IFI= 0.95; NNFI = 0.94; NFI=0.92; GFI= 0.89; AGFI=0.86		

* $p < 0.001$

The goodness of fit indices for the hypothesized full alternative model (CFI=0.95; IFI=0.95 suggest good fit and $\chi^2/df=3.12$; RMSEA=0.072; NNFI=0.94 and NFI=0.92) suggest acceptable fit. However, some of the goodness of fit statistics (GFI=0.89 and AGFI=0.86) were found to be below the acceptable values. GFI=0.89 goodness of fit indicator is close to the generally accepted threshold of 0.90. The similar result also observed in study of Morgan et al., (2006), CFI=0.893 was considered as acceptable. Besides according to Şimşek (2007:124), researcher can decide which of the goodness of fit statistics can be used for reporting the results with a condition of stating reasons and references. When related literature is examined, it is seen that various goodness of fit statistics were used. For instance; Morgan et al., (2012) preferred χ^2/df , CFI and RMSEA and RNI etc. Thus, it can be said that the model propose an acceptable overall fit (Table 2). As a result of the alternative model, marketing capabilities dimensions "product development ($\beta=0.35$; $p < 0.001$) and channel management ($\beta=0,36$; $p < 0.001$)" effect export market orientation significantly. It is crucial to state that, as it mentioned before, due to the market capabilities effects on export market orientation loses its significance when dimensions of all marketing capabilities are included in the model, alternative model has been developed. So "pricing, delivery

management, marketing communication, selling and post-sale service" dimensions' of marketing capability effects on export market orientation couldn't be examined through the alternative model. Hence, it is found partial support for the positive effect of marketing capabilities (*product development, pricing, channel management, selling, delivery management, marketing communication, post-sale service*) on export market orientation, therefore H1 is partially supported. Export market orientation has a positive and highly significant effects on the financial performance ($\beta=0.85$; $p<0.001$), strategic performance ($\beta=0.88$; $p<0.001$) and satisfaction from export venture ($\beta=0.89$; $p<0.001$). Therefore it is obtained strong evidence for the effects of export market orientation on the export performance, thus supporting H2. Theoretical and managerial implications will be discussed below.

5. CONCLUSIONS AND IMPLICATIONS

Marketing capabilities are necessity for firms' export market orientation as an important determinant of the export success. In fact, findings reveal that among the dimensions of marketing capabilities especially "product development and channel management" have positive and significant effect on export market orientation. For instance within the framework of product development capabilities in the export markets, firms should tend towards R&D investments that would enable them to develop and launch new and innovative products earlier and more successfully than their competitors. Besides it is important to attract and retain the best dealers (distributors, retailers etc.) with channel management capability in the export venture market to gain sustainable competitive advantage in foreign markets. Also satisfy their needs and closeness in working with them create superior value on distributors and retailers in export markets, thus; have positive effects on increasing their exporting performances. In the relevant literature, it hasn't been observed that various dimensions of marketing capabilities direct relationship with export market orientation. For instance, Morgan et al., (2009b) examined the effect of diverse dimensions of marketing capabilities and market orientation on firm performance in common and separately, but without their effect on each other. Murray et al., (2011) found that export market orientation positively affected "new product development, pricing and marketing communication" capabilities. However, in contrast with the examinations and discussions in literature, as it seen in this research model, the effect of marketing capabilities on export market orientation was investigated. In this respect, it is believed that it has made a significant contribution to export performance literature even if the findings obtained regarding the positive effect of only the two dimensions of marketing capabilities on export market orientation. Obtaining and developing unique, valuable, inimitable and rareness capabilities increases the firms' requirement of information in complicated the export environment. In this respect, firms need to set up, develop and strengthen their marketing information systems rapidly and effectively. If firms' export market orientation level is high, it is expected that they access more information regarding the needs and of consumers in the export market. Also, firms would noticed and respond the strategies of rivals in the export market superiorly (Dodd, 2005). Thus, export market oriented firms would continuously determine their customers' current and future needs and preferences and could satisfy them better than their rivals and obtain superior export performance (Cadogan et al., 2002). In line with this, firms need to be export market oriented by periodically review the likely effect of changes in the export markets before they occurs and act beforehand in order to achieve superior export performance permanently. The findings suggest that export market orientation has a strong and positive effect on export performance. It is believed that it has been made a significant contribution by finding a strong and positive effect of export market orientation with

dimensions such as "generation, dissemination, and responsiveness of export intelligence", on both objective (financial and strategic) and subjective (satisfaction with export venture) export performance measures as a result of a comprehensive analysis made with the exporting firms which operate in any sub-branch of manufacturing sector in Turkey. Because in the relevant literature, it has been observed that the studies on revealing the relationships between export market orientation and export performance (Cadogan and Diamantopoulos, 1995; Cadogan et al., 1999; Collins-Dodd, 2000; Cadogan et al., 2002; Cadogan et al., 2003; Cadogan and Cui, 2004; Knight and Cavusgil, 2004; Dodd, 2005; Murray et al., 2007; Cadogan et al., 2009; Murray et al., 2011). However, it has been seen that a limited number of studies (Shoham et al., 2002; Akyol and Akehurst, 2003) using both subjective and objective measures to evaluate the export performance. According to Das (1994), Zou et al., (1998) and Akyol and Akehurst (2003), export performance should be considered with objective and subjective measures together in order to ensure significant improvements in the literature. As a result it should be emphasized that firms could increase their performances especially in export markets with their market orientation that they would develop and implement in line with their marketing capabilities. It is also suggested that firms should be strengthen their capabilities and export market orientation level in competitive intense foreign markets or avoid such competitive environments.

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