

Explaining the Mediating Role of Cultural, Entrepreneurship and Marketing Capabilities in the Effect of Strategic Orientations on Export Performance in Cellulose Industry in Iran

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Abstract

Today, experts as one of the most important ways of internationalization for businesses has found a special position in economy of every country and companies constantly are seeking to improve their export performance and the level of their export level. To this end, multiple factors can affect export performance improvement, among which we can refer to strategic orientations of a company in the field of export and it can lead to export performance growth through affecting various cultural, marketing and entrepreneurship factors. Hence, the main aim of this study is to explain the mediating role of cultural, entrepreneurship and marketing capabilities in the effect strategic orientations on export performance in cellulose industry in Iran. Statistical population of the present study is consisted of all the manages and top experts of companies active in cellulose industry that are a total of 324 persons and statistical sample volume is considered equal to 176 persons by using simple random sampling method and research questionnaire which is consisted of 30 items was distributed among the individual in research sample and collected back. Research results indicated that strategic orientations have a positive and significant effect on export performance. It was also indicated that each of the cultural, marketing and entrepreneurship factors has a positive and significant effect on export performance and that their mediating role in the effect of strategic orientations on export performance was confirmed.

Key words: Export performance, strategic orientation, cultural factors, marketing factors, entrepreneurship.

1. Introduction

Export is considered as one of the most common ways in front of companies, especially small and medium sized companies for entering international markets. One of the most important reasons for this is that export comparing to other internationalization methods, requires less resources. Hence, export sales increasing has attracted the attention of companies as a proper approach toward growth. In this section, we will discuss the measures based on which export performance of companies is measured and what are

the factors which affect export performance in companies.

Today, business environment complexity, increasing competition between manufactures, limited resources available to companies and so many other factors have caused manufacturing organizations to shift toward making use of optimal processes and decisions, in order to guarantee the possibility of progressive survival of their organizations (Mehrgan et al., 2011: 17). At the same time, access to export information, marketing capabilities and strategic orientation can be effective as well and in turn can affect export market growth as well.

On one hand, the study of export performance goes back to 1960s. Toki (1064) for the first time identified the factors associated with success in export. From that time to this day, so many studies have examined the interactions between export performances. The present study seeks to study the relationship between export commitment and export performance with the mediating role of the variables of language, cultural, entrepreneurship capabilities and marketing techniques (Rahnemood et al., 2011). Entrepreneurship and marketing capabilities are among very important topics that have received serious attention from so many developed and developing countries. Entrepreneurship is defined as a driver for fining new mix of production factors and a factor for accelerating economic growth by Schumpeter.

Marketing strategies is one of the sources used in export and refers to official systematic application of scientific methods for obtaining export objectives information and export marketing information. So many studies have shown that a company is dependent on marketing strategy. According to Say and Shey (2004), a marketing information system improves company's performance through the positive effect of its market potentials. Export marketing information includes all the aspects of collecting information (Koksal, 2008).

Hence, the present study seeks to explain the mediating role of cultural, entrepreneurship and marketing capabilities in the effect of strategic orientation on export performance in cellulose industry of Iran.

2. Research literature

In resource based view, an organization is a unique set of resources which form its organizational performance. If these resources are applied correctly, they might improve performance and then turn into sustainable competitive advantage. The main idea in this attitude is that with the appropriate and accurate use of powerful and unique resources of a company and combining them (capabilities), we can create desirable and superior conditions and distinguish ourselves from competitors (Vorhies & Morgan, 2005).

From theoretical point of view, export performance has been studied from the point of view of resource-based view as well. so many factors like managerial characteristics, organizational factors, environmental forces, export strategy (choosing market, segmentation and marketing mix variables), dynamic organizational culture, top management priority for international trading, commitment to exports, risk appetite, perceived potential growth based on exports, profitability opportunities, marketing capabilities, exports planning and research and development affect export performance (Diamantopoulos & Kakkos, 2007). Measuring the level of export performance improvement, is the issue that has emerged in improving export performance and broad application of measures has created a kind of inconsistency in the best method of evaluation of this concept and has turned the conceptualization of the export performance improvement term into a multi-dimensional and complex concept. In fact, exports, is one of the most critical economic sectors in every country. Exporting products and serves is considered as the most important source of foreign exchange earnings which holds the pulse of live and active economy of the world (Karampour, Sharifi and Shafabakhsh, 2012).

On one hand, strategic orientations are principles that influence marketing activities and codification of organizational strategy which are used for creating appropriate behaviors which lead to a better performance (Theodosiou, 2012). There are various types of strategic orientation. From theoretical point of view, organizations in terms of strategic orientation are on one continuum. On one end of this continuum are those organizations that are well developed and act aggressively in the environment and on the other end of this Continuum rare those organizations whose strategies are less development and act under the influence of management Intuition when they are faced with unpredictable events. Strategic orientation has a strong effect on organizational performance and management's expectations (Rahimnia & Sadeghian, 2011).

Researchers have assumed a direct relationship between strategic orientations and performance which presents a market-oriented philosophy which is the core of a company in facing with and reacting

to market events (Aaker, 2009). Creating a market-oriented organizational culture focused on intelligence collection about customers' needs and competitors' capabilities is an important factor in achieving a superior performance (Kohli & Jaworski, 2011).

Aaker (2009) suggests that strategic management is a market-oriented view toward customers, competitors and environment which has been development for supporting appropriate strategies in proportion with rigid and long-term programs which aer sensitive to rapid changes in customers' behavior. Day (1999) believes that a market-oriented organization is a culture with external orientation, a capacity for identifying a certain market, a predicting strategic thinking and a combination which enable an organization to predict and respond to a changing environment. Deshpand (1999) has presented the direct relationship between strategic orientation and market in three levels: a culture with values and beliefs which are basically customer-oriented. Strategies with orientations toward producing superior and tactical value, including a set of operating trends and activities which are developed for creating value and customer satisfaction (Ferraresi et al., 2012).

On the other hand, capabilities are a set of complex knowledge, skill and ability factors which belong to a variety of levels in company's business processes. Capabilities include those skills which are deeply embedded in organizational methods and trends and indicate to a knowledgewhich has been accumulated over the years which is difficult to exchange, copy or duplicate (Nopasand Asil et al., 2016). Entrepreneurship, cultural and marketing capabilities are a very important topic which have received a serious attention in so many developed and developing countries. In the same vein, marketing capabilities are considered as the effective factors in achieving competitive advantage and superior performance for companies (Feiz et al., 2012). Entrepreneurship is introduced as a driver for finding new mix of production factors and as a factor for accelerating economic growth by Schumpeter. With specifying the concept of entrepreneurship, specially the concept of organizational entrepreneurship and its necessity in organizational development as well as in the society, no doubt remains in training organizational entrepreneurs for realizing this great goal.

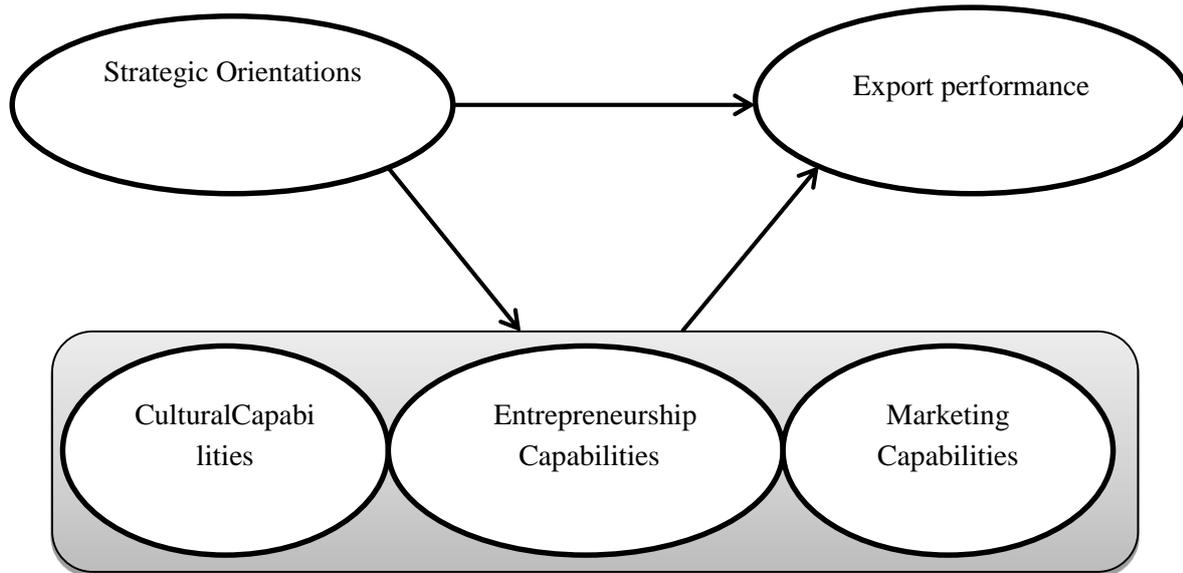
3. Research model and hypotheses

Research hypotheses are as following:

1. Strategic orientations have a significant effect on export performance in Iran cellulose industry.
2. Strategic orientations have a significant effect on cultural capabilities in Iran cellulose industry.
3. Strategic orientations have a significant effect on entrepreneurship capabilities in Iran cellulose industry.

4. Strategic orientations have a significant effect on marketing capabilities in Iran cellulose industry.
5. Cultural capabilities have a significant effect on export performance in Iran cellulose industry.
6. Entrepreneurship capabilities have a significant effect on export performance in Iran cellulose industry.
7. Marketing capabilities have a significant effect on export performance in Iran cellulose industry.
8. Cultural capabilities have a mediating role in the effect of strategic orientations on export performance in Iran cellulose industry.
9. Entrepreneurship capabilities have a mediating role in the effect of strategic orientations on export performance in Iran cellulose industry.
10. Marketing capabilities have a mediating role in the effect of strategic orientations on export performance in Iran cellulose industry.

Figure 1. Research conceptual model



4. Research methodology

Considering the fact that researcher in the present study seeks to examine the mediating role of cultural, entrepreneurship and marketing capabilities in the effect of strategic orientations on export performance in Iran cellulose industry, therefore, a causal relationship should be examined. Hence, the present study is a correlation type of study. Further, since researcher in this study seeks to study the status quo without manipulating the variables; therefore, it is a descriptive type of study and since, researcher in this study makes use of a questionnaire which has been distributed among the statistical population and collected back, therefore, it is a survey type of study and finally, since the present study is conducted in companies active in Cellulose industry and findings are supposed to be used in statistical population, it is an applied type of study.

5. Statistical population and sample

Statistical population of the present study consisted of all the managers and top experts in companies active in cellulose industry that are a total of 324 persons and due to that fact the units in statistical population are homogeneous and also due to the fact the number of these units are unlimited, simple random sampling method was used. Considering the fact that research population volume being studied is known, for determining minimum required sample volume, 1st Cochran's formula was used and 176 persons were selected as minimum required sample and were used as the base for analysis.

Respondents' Demographic characteristics are as following:

Table (1): Respondent’s characteristics

Respondent s’ characteristics	Gender		Marital status		Education				Age				
	Male	Female	Single	Married	Associate degree and lower	Bachelor	Master	PhD and higher	25 years and less	26 to 30 years	31 to 35 years	36 to 40 years	40 years and more
Frequency	121	55	41	135	42	97	26	11	19	41	60	34	22
Percentage	69	31	23	77	24	55	15	6	11	23	34	19	13

Data collection: data was collected by using research standard questionnaires and a number of 176 questionnaires were distributed and returned back.

6. Data collection

Data collection was done by using questionnaire as well as bibliographic method and with studying the relevant internal and external studies and extracting the relevant topics from reliable books, articles, scientific – research journals and academic theses. 176 questionnaires were distributed and returned back.

7. Measurement scales, validity and reliability

In this study, for gaining more confidence, face validity method was used. For this purpose, research questionnaire was distributed among specialists and experts like esteemed supervisor of this study and their opinions were sought regarding each item and regarding the evaluation of the desired objective and with minor modifications, research questionnaire was confirmed. For data analysis, structural equations modeling in SmartPLS3 was used. For studying, mode’s fit indexes in SPL method, various indexes are used which are Square root of the difference between the remaining sample covariance matrix, standardized assumed covariance model assumes and non-standardized assumed covariance model (according to Nazarzhin et al., 2014) values smaller than 0.08 for this index are acceptable), Bentler-Bonnet index (according to Bern (2008), values larger than 0.9 are acceptable), the overall model fit index (according to Tetenhouse et al. (2005), three values of 0.10, 0.25 and 0.36 are considered as weak, medium and strong values for

this index), R^2 index (which indicates to the effect that a exogenous variable has on an endogenous variable. the larger the value of R^2 is for an endogenous variable, it indicates to a better model fit). Also, for studying reliability, Cronbach’s alpha coefficient and composite reliability (Cronbach’s alpha coefficient and composite reliability values larger than 0.70 about the main research constructs indicate to confirmation of research construct reliability) and for testing validity , convergent validity (minimum value acceptable for extracted mean variance is equal to 0.4) and divergent validity (acceptable divergent validity of a model indicates that a construct in the model has a higher level of interaction with its indexes comparing to other constructs and in this case square root of the average variance extracted for each construct or latent variables should be larger than the absolute value of correlation between that latent variable and other latent variables in this model) were used.

8. Findings and analysis

For testing research hypotheses, structural equations modeling and Smart PLS3 software were used. Figures presented in figure (2), present t values for the relationship between research constructs. If these values are larger than 0.96 at 95% confidence, it indicates to accuracy and significant of the relationships between these constructs. As we can see, all path significance coefficients between research constructs area larger than 1.96 and this indicates that the effect of the existing relationship among research variables are significant at 95% confidence. In figure (3) also, path coefficient at standard mode are presented.

Figure 2. Path coefficients at standard mode

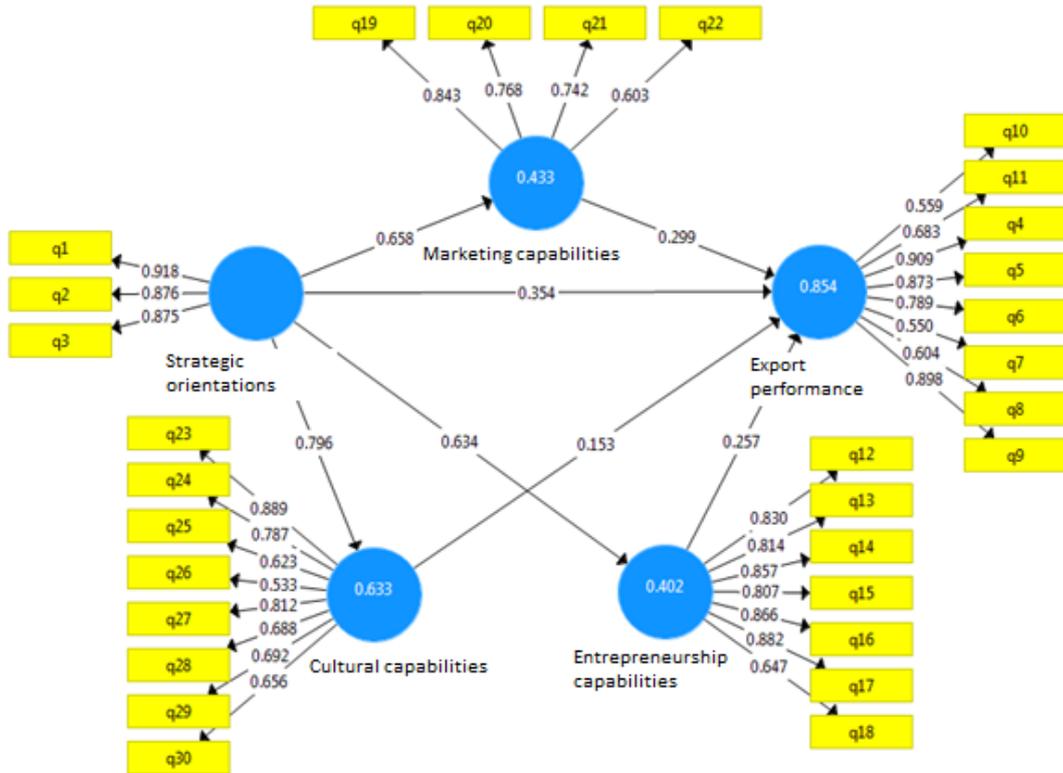
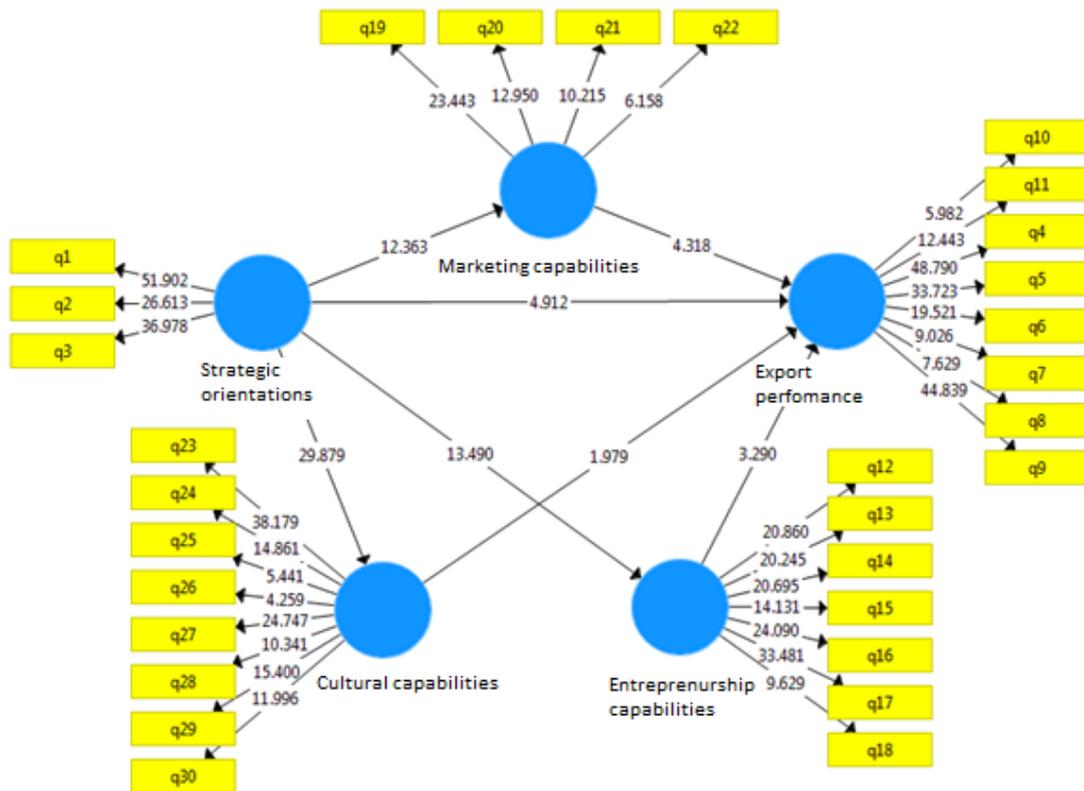


Figure 3. Path coefficients at significance mode



In inferential statistics section, after collecting research data, data analysis was performance and all the results are presented in the following tables.

Table (1): Results of factor analysis, Cronbach’s alpha, composite reliability and AVE values and structural model fit

Variable	Index	Standard factor loading	T	Cronbach’s alpha	Composite reliability	AVE	R ²	GOF
Strategic orientations	1	0.918	51.902	0.870	0.920	0.792	-	0.632
	2	0.876	26.613					
	3	0.875	36.938					
Export performance	4	0.909	48.970	0.878	0.907	0.558	0.848	
	5	0.873	33.723					
	6	0.789	19.521					
	7	0.550	9.026					
	8	0.604	7.629					
	9	0.898	44.839					
	10	0.559	5.982					
	11	0.683	12.443					
Entrepreneurship capabilities	12	0.830	20.860	0.961	0.934	0.670	0.395	
	13	0.814	20.245					
	14	0.857	20.695					
	15	0.807	14.131					
	16	0.866	24.090					
	17	0.882	33.481					
	18	0.647	9.629					
Marketing capabilities	19	0.843	23.443	0.727	0.830	0.544	0.482	
	20	0.768	12.950					
	21	0.742	10.215					
	22	0.603	6.158					
Cultural capabilities	23	0.889	38.179	0.866	0.893	0.516	0.629	
	24	0.787	14.861					
	25	0.623	5.441					
	26	0.533	4.259					
	27	0.812	24.747					
	28	0.688	10.341					
	29	0.692	15.400					
	30	0.656	11.996					

Also, in table (3) divergent validity of research constructs was analyzed and results indicate to good validity of research constructs.

Table (3): Testing divergent validity of research constructs

Constructs	Mean	Standard deviation	1	2	3	4	5
1) Strategic orientation	3.59	0.821	0.890				
2) Export performance	3.78	0.936	0.794	0.787			
3) Cultural capabilities	3.03	0.705	0.795	0.739	0.730		
4) Entrepreneurship capabilities	3.16	0.812	0.596	0.760	0.642	0.856	
5) Marketing capabilities	3.38	0.901	0.661	0.746	0.647	0.594	0.741

Considering the research findings, research hypotheses are tested in table (3) and results indicate that all research hypotheses are confirmed

Table (4): Testing research hypotheses

Research hypothesis	Path coefficient	t-value	Test result
Strategic orientation → Export performance	0.354	4.912	Confirmed
Strategic orientation → Cultural capabilities	0.796	29.879	Confirmed
Strategic orientation → Entrepreneurship capabilities	0.634	13.490	Confirmed
Strategic orientation → Marketing capabilities	0.658	12.363	Confirmed
Cultural capabilities → Export performance	0.153	1.979	Confirmed
Entrepreneurship capabilities → Export performance	0.257	3.290	Confirmed
Marketing capabilities → export performance	0.299	4.318	Confirmed
Strategic orientation → Cultural capabilities → Export performance	0.121	(1.979) (29.879)	Confirmed
Strategic orientation → Entrepreneurship capabilities → Export performance	0.162	(3.290) (13.49)	Confirmed
Strategic orientation → Marketing capabilities → Export performance	0.196	(4.318) (12.363)	Confirmed

9. Discussion, conclusion and recommendations

Research results indicated that strategic orientation explains 35.4% of the changes in export performance and has a positive and significant effect on it. According to this finding, objectivity and the use of certain export strategies can be effective on export performance and its improvement. These findings are consistent with the findings of ?. According to results of research hypotheses 2, 3 and 4, strategic orientation explain 79.6% of the changes in cultural capabilities, 63.4% of the changes in entrepreneurship capabilities and 65.8% of the changes in marketing capabilities and all have a positive and significant effect. According to these findings, it appears that with adopting objective strategies for presence in international market and exports, cultural, entrepreneurship and marketing capabilities become more objective and developed and to provide the necessary contexts for a more prominent presence in the field of exports. Findings of this section is consistent with the findings of ?. According to the results of research hypotheses 5, 6 and 7, cultural capabilities, entrepreneurship capabilities and marketing capabilities explain 15.3%, 25.7% and 29.9% of the changes in export performance, respectively. According to these findings, it can be said that with adopting appropriate strategies for exports, all capabilities of a company change and develop in proportion with it. To this end, the necessary cultural capabilities in exports, entrepreneurship and innovation capabilities as a fundamental principle for a successful presence in competitive markets and also significant marketing capabilities as an important principle in market and sales success of a company in export markets can be effective on improvement of export performance of companies with adopting an important and integrated approach. These findings are consistent with the findings of ?. According to the results of research hypotheses 8,

9 and 10, it was revealed that strategic orientation explains 12.1%, 16.2% and 19.6% of the changes in export performance through the mediating variables of cultural capabilities, entrepreneurship capabilities and marketing capabilities, respectively. Therefore, the mediating role of all the variables of cultural, entrepreneurship and marketing capabilities in the relationship between strategic orientation and export performance is confirmed. Among these variables, the mediating role of marketing capabilities is more prominent which indicates to the importance of paying attention to marketing activities for presence in export markets. Next, it is necessary to pay attention to entrepreneurship capabilities as a fundamental component for creating innovation in products, services and processes related to presence in export market. And finally, cultural capabilities are also of great importance due to the existing differences in domestic and export markets in the culture of end customers.

Based on these findings the following recommendations are provided:

- Export marketing strategies should be aligned with major organizational strategies and should fully cover all various organizational capabilities.
- Strategic orientations in export should be based on existing marketing, entrepreneurship and cultural capabilities and the necessary infrastructures should be provided for gaining success.
- For improving export performance, it is necessary for strategic orientations to be based on making use of domestic strengths and existing opportunities in export markets.

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