



DYNAMIC EXPORT CAPABILITIES AND COMPETITION INTENSITY FOR COMPETITIVE ADVANTAGE IN EXPORT PERFORMANCE

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ABSTRACT

Introduction: since the business arena is moving towards becoming more global hence more dynamic, the organizations should balance their capabilities with the international market's demands and conditions. This makes the companies investigate the development of more capabilities through identification of the major competencies able to better improve competitiveness and export performance according to the cultural gaps. Objective: investigating the enjoyment of dynamic export capabilities and export performance for competitive advantage, export performance and cultural gap. Study Method: the study population included all the managers and experts working in small and medium-sized enterprises active in leather industry whose central offices or factories are based in Tehran. The total number of the study population was 460 individuals. The sampling method used herein was a simple randomized method. The study sample volume was comprised of 210 individuals who were selected based on Cochran's formula. Some 250 questionnaires were administered to gather the data required and, in the end, 210 questionnaires were received. The present study makes use of a descriptive-survey method of the correlation and applied type. The hypotheses test has been carried out using equation structure software Smart-PLS2. Findings: innovation, unpredictability and flexibility are positively correlated with competitive advantage. Moreover, the relationship between the four dynamic export capabilities, i.e. adaptation, innovation, unpredictability and flexibility, and the competitive advantage is stronger when the competition intensity is lower. There is a positive and significant relationship between competitive advantage and cultural gap and cultural gap was shown to have a positive relationship with competitive advantage.

Keywords: *Dynamic Export Capabilities, Competition Intensity, Competitive Advantage, Export Performance, Cultural Gap.*

INTRODUCTION

The success of the companies depends on the discovery of the opportunities, increase in innovations and finding of novel methods to compete in the international markets (Kalanit Efrat et al, 2018). So far, export has been the most common method of internationalization and the export performance has been one of the most frequently researched areas (Leonidou, Katsikeas and Coudounaris, 2010). Upon entering the global marketplace, the companies take advantage of various approaches one of which is export development. For its being exempted from custom rights, accompanied by commercial profits and free of domestic tolls, export performance considerations for penetrating into the oversea target marketplaces seem to be less risky in contrast to the other methods of entering international markets. Thus, the export performance approach is the most well-known and the easiest method adopted by the firms to enter and

penetrate into the foreign markets (Leonidou et al, 2002). Export performance considerations are necessary for making decisions in the international arena (Madsen, 1998). Gavgusgil and Zou (1994) define export performance as the amount of the economical aspects (profit, sale and so forth) and strategic aspects (international positioning, increase in market share of the export, accomplishment of the objectives and so forth) through planning and implementation of companies' export marketing strategies. Albaum and Tse (2001) point out that adaptation is inevitable for the success of the exporting companies in the foreign marketplace. An adaptation of the export marketing mix includes making certain changes in production properties (label, brand and so on), price, distribution and/or the communication plans for rendering proportionate the coordinates and demands of every country and market (culture, per capita income, tastes and customer priorities). A company's ability for achieving and preserving situational advantages in the foreign markets are closely associated with the effective and efficient execution of a programmed strategy of export marketing (Sousa et al, 2008). There are evidences indicative of the importance of export performance capabilities (Griffith and Dimitrova, 2014; Lee, Beamish and Lee and Park, 2009). A large deal of the recent researches emphasize on the association between the export performance and capabilities (Kaleka, 2012; Lisboa, Skarmeas and Loges, 2011; Lu, Zhou, Bruton and Lee, 2010; Morgan, Vorhies and Mason, 2009; Pezeshkan, Fainshmidt, Nair, Freezer and Markovsky, 2016; Parnge and Verdier, 2011) or between the competitive advantage and export capabilities (Lee and Liu, 2014; Murray, Gao and Kotabe, 2011; Weerawerdena and Mavondo, 2011). On the other hand, with the expansion of the globalization wave and multinational work environments around the globe, the researches on the culture and cultural values have undergone a rapid increase. Ambrosini et al (2009), as well, underline the importance of a perfect comprehension of the nature and the source of each of the capabilities leading to the competitive advantage. They claim that the competitive advantage might be jeopardized in case of incorrect perception and if such an incorrect understanding happens within the framework of the performance indices and left unattended immediately, it might cause negative effects in the long run. On the other hand, international capabilities are created through learning and creation of unique international tools (Vilar et al, 2014; Yalvinkaya and Griffith, 2007). The prior research has investigated several primary aspects of the dynamic capabilities like mutual performance (Eisenhardt and Martin, 2000; Flein, Foss, Heimeriks and Madsen, 2012), facilitation of the new processes (Hult, Hurley and Knight, 2004), response to the external changes (Dibrell, Down and Bull, 2007) and creation of unexpected tactics (Van Den Bosch, Frans, Volbera and De Boer, 1999). These results cause an identification of adaptability, innovation, unpredictability and flexibility as the export-related dynamic capabilities on which the international firms can rely. The current research paper concentrates on four capabilities: adaptability, innovation, unpredictability and flexibility. These dynamic capabilities reflect a specific strategic and organizational process by way of which the export managers change the foundation of their corporate resources in seek of advantages and performance consequences (Eisenhardt and Martin, 2000). All of these four capabilities are indicative of export performance ability for blending and reconfiguration of the resources in line with the strengthening of the competitive advantage. The present study focuses on the corporate-level capabilities that are ignored in the evaluation of the role played by the export-related dynamic capabilities.



THEORETICAL FOUNDATION

An essential question in the strategic management study field pertains to how the companies acquire and maintain competitive advantage? There are numerous theories expanded during the past three decades regarding the competitive advantage sources. Some researchers have expanded the resource-based approach based on the practical requirements and findings of resource-based approach, evolutionary economy and behavioral theories to suggest that in order to stay accountable to the environmental changes, the companies should be constantly reforming and reshaping their resources and capabilities (Lee and Lin, 2012). The results of these efforts have been the emergence and expansion of the dynamic capabilities as an intellectual issue developed from the resource-based approach literature (Schreyögg & Kliesch-Eberl, 2007). Amongst the primary factors provoking the investigation, criticism and blending of the research streams concerned with the dynamic capabilities is the rapid growth in the dynamic capabilities literature as well as its diversity that has led to a collection of rich but complex and to some extent irrelevant researches performed on separate and scattered dimensions (Barreto, 2011). Unlike the resource-based approach that speaks of the resources and capabilities in a static context, the dynamic capabilities framework introduces dynamic elements such as learning (Cavusgil et al, 2007). The term dynamic has been used to mirror the capacity of reconstructing the capabilities for adapting to a changing environment (Pavlou and El Sawy, 2011). In this perspective, the attentions are more directed at the investigation of questions like why and wherein than dealing with the status quo of the companies (Priem and Butler, 2001). Dynamic capabilities are the subset of the resources allowing the company to create new processes and products. The perspective demonstrates patterns of general activities by means of which the organizations can be in a continuous resource generation and evaluation process and increase and improve their effectiveness in confrontation with the marketplace expediencies (Zollo and Winter, 2002). Barney, Wright and Ketchen (2001) point out that a better understanding of capabilities leading to competitive advantage is required. Based on the prior research, they claim that the companies cannot attain competitive advantage in an intensely competitive environment unless they apply their capabilities in accordance to these conditions. Barney, Wright and Ketchen (2001, p.631) discuss that "... the companies are more agile in more changeable markets and they are more capable of making rapid changes and they are more aware of the changes in their competitive environment so they can adapt themselves to the changing conditions of the markets faster than their rivals hence capable of acquiring competitive advantage". Based on such a mindset, the capabilities cannot be envisioned as equivalents and replaceable, though different kinds of capabilities can share similar (dynamic) characteristics that together can provide for a more superior international commercial performance (Prang and Verdier, 2011). Also, it is through these capabilities that both the learning process and the unique technical knowledge contribute to the creation of dynamic capabilities principles taken into account for the regulation of the company environment with the purpose of achieving better results (Lopez, 2005). In a sense, they are introduced as shock absorbers to the company and they moderate the company's competitive advantage to any changes in the international commercial environment (Wu and Voss, 2015).



Study Hypotheses and the Conceptual Model

Export adaptability is the company's capability for getting aligned with its external environment and a key to export performance of the company (Morgan, Zhu, Vohies and Katsikeas, 2003). Adaptability is defined as a capability empowering the companies to seize the opportunities and reconfigure the resource base so as to become rapidly adapted with the rivals' measures and external threats. The companies capable of adapting to the opportunities and threats are seen more successful than their rivals (Dibrell et al, 2007). The ability to react to the environmental changes in a timely manner can contribute to a better performance than the rivals and attainment of competitive advantage because the more adaptive companies can make investments in the market opportunities that are moving fast (Jayachandran, Hewett, & Kaufman, 2004; Sousa, Ruzo and Losada, 2010). Therefore, the following comes out as the first study hypothesis:

Hypothesis A1: there is a positive and significant relationship between export adaptability and competitive advantage.

Although adaptability is the key capability for a great many of the organizations conceptually and intuitively, its positive results are not at all warranted. The export market orientation literature also finds strong supports for the competitive intensity moderating the export responsiveness-export performance relationship (Cui, Griffith and Cavusgil, 2005). Some researches reflective of the growing necessity of adaptability under higher competitive intensity have expressed similar findings regarding the knowledge-based capabilities (Auh and Mengue, 2005) and marketing capability (Cadogan, Diamantopoulos and Sigauw, 2002; Doyle and Wong, 1998). The rest claim the company's being required to invest essential resources in order to preserve a given level of adaptability in the export market and such investments most often fall short of creating sufficient return for the dynamics pertinent to the export markets (Rose and Shoham, 2002). Based thereon, the following hypothesis is proposed:

Hypothesis B1: the relationship between the export adaptability and competitive advantage is stronger when the competitive intensity is lower.

Export innovativeness is defined as "openness to the new ideas as an aspect of the company's culture" (Calantone, Cavusgil, Zhao, 2002). Innovation pertains to the successful implementation of the creative ideas (Amabile, Conti, Coon, Lazenby & Herron, 1996). In regard of the export, the issue refers to the participation of the new processes and mechanisms when working with the export markets and the innovations possibly finds more necessity due to the dynamic nature of the environment as a whole (Kalanit Efrat et al, 2018). As put by Boso et al (2013) from the resource-based viewpoint, innovation is valuable and special for the companies; it is an intangible asset that can provide the companies with the competitive advantage with it being highly costly to be imitated by the rival companies. Therefore, the following hypothesis is expressed:

Hypothesis A2: there is a positive and significant relationship between export innovativeness and competitive advantage.

As it was mentioned, the benefits of export innovativeness are more contingent than universal (Boso, Story, & Cadogan, 2013). As for the moderating relationship of competitive intensity, while it is stated in some researches that such a relationship exerts a positive influence on the



company's performance, it is somewhat fruitless. Santos-Vijande and Alvarez-Gonzalez (2007) find out that while innovation under stable environment has a positive effect on the company's capacity of innovation, the effect is faded under turbulent environments. Innovation challenges the traditional way of doing things and encourages digression from the prior situations when the environment is stable (Sethi, Smith, & Park, 2001). Conversely, under the unstable conditions, the introduction of the innovations to the markets becomes more risky and less rewarding (Calantone, Garcia and Droge, 2003). Since the market attitudes are fewer in the foreign marketplace, the innovations less relevant to the rivals' performance will face failure in the export market. Thus the following hypothesis is posited:

Hypothesis B2: the relationship between the export innovativeness and competitive advantage becomes stronger when the competitive intensity is lower.

Van Den Bosch et al (1999) claims that a turbulent environment facilitates the rapid development of capabilities due to the constant increase in the necessity for facing a dynamic environment while preserving a competitive edge. Subsequently, the third dynamic capability, named unpredictability, is accompanied by a turbulent environment. Teece (2013) realizes such a dynamic capability as the key factor giving rise to the success in the international business. Griffith and Harvey (2001) point to the international predictability as "the ability to make exchange circumstances' prediction in advance". Therefore, if predictability is required for making better plans thereby to better perform, the companies pull the rug from underneath their rivals when they become unpredictable. Based thereon, it is reasoned that the companies performing export activities in an unpredictable manner become more intimidating hence acquire advantages in the foreign marketplace. So, such companies lean on capabilities that are unpredictable as part of their competitive advantage (Homburg, Workman, & Krohmer, 1999). So, the following hypothesis is projected:

Hypothesis A3: there is a positive and significant relationship between the unpredictability of the exports and competitive advantage.

In order for a company to be unpredictable in its export markets, it has to be considered so in comparison to its export competitors (Austin et al, 2012). Therefore, the unpredictability is measured in contrast to stability of the industry; the more the industry's competitive intensity is deemed stable, the more such a capability becomes influential meaning that the unpredictability provides for better value if the industry wherein the company takes unpredictable measure enjoys lower dynamicity. So, the high rate of the competitive intensity reveals the unpredictability advantages. Hence,

Hypothesis B3: the relationship between the export unpredictability and competitive advantage is stronger when the competitive intensity is lower.

Flexibility is the fourth capability. Flexibility is defined as the extent to which the organization members can be replaced by one another (Campion, Medsker & Higgs, 1993). In such situations as export, flexibility reflects the functional task and responsibilities by the employees in such a manner that the export staff can bring about internal and mutual changes in the sales, marketing, services, customer support and others of the like. Such a capability is applied in the preservation of the stable and productive work-related communications due to the bottom-up



cooperation between the team members, so it is constructed based on the extant resources. Jacobs and Washington (2003) claim that it is often observed as embedded in employee development so it has an effect on the various organizational outcomes. Byrd and Turner (2001) figured out that IT personnel flexibility improves competitive advantage.

Hypothesis A4: there is a positive and significant relationship between export flexibility and competitive advantage.

Volberda (1996) claims that flexibility should incorporate a certain level of stability so that it can be qualified for application as a constructive capability. In turbulent environments often characterizing foreign trade, flexibility can result in chaos, increasing costs and harming the company's decision-making. Similarly, Sanchez (2004) deals with the flexibility of various organizational levels claiming that while operating (task) flexibility has a positive impact under stable conditions, when the environment becomes dynamic, operating flexibility cannot be employed as an independent process but it needs to be accompanied by different aspects of resources and managerial flexibilities in order to provide the same positive impact. But, under unstable conditions, this capability increases the costs of organization management due to the restrictions it imposes on the departmental managers. So,

Hypothesis 4A: the relationship between export flexibility and competitive advantage in the export markets is stronger when the competitive intensity is lower.

Powell (2001) deals with the differences between the company performance and competitive advantage in stating that the former is conditioned on the latter. The present study mostly draws on discussions put forth by Powell (2001) and there will be made a distinction between competitive advantage and performance. Kalka (2011) expresses that the relationship between the competitive advantage and performance has been justified less than enough in regard of export status and the majority of the researches on marketing and strategy literature are nothing but mere reckons and guesses. Research on the competitive advantage in export have been suggestive of various positive performance effects (strategic, venturous and productive) (Kalka, 2011; Leonidou, Palihawadana, & Theodosiou, 2011); competitive advantage as a mechanism for moderating the transferring of the export performance gains from market orientation and special marketing capabilities (usually distinct from the dynamic capabilities (Murray et al, 2011); and, also some insignificant relationships like financial performance of export are the competitive advantages of the product export (Leonidou et al, 2011). In fact, the relationship between the export performance and competitive advantage is not so clear-cut. For example, it is found out in the studies that the internal competitive advantage is not necessarily transferred in the export markets (i.e. Marukawa, 2009). In fact, the dynamic capabilities studied herein cause the companies to feel and seize the export opportunities and reconfigure and reshape the resources to deal with the export market needs. Therefore, the following hypothesis is postulated in order to investigate the relationship between the competitive advantage and export performance:

Hypothesis 5: there is a positive and significant relationship between the competitive advantage and the export performance in export markets.



Culture is defined as “the collective mind planning distinguishing a group or set of people from the others” (Hofstede, 2001: 9). As put by Brown (1995), culture is a combination of “norms, ideas, values and fundamental beliefs continuously developed by the mankind in the course of time” and it helps us know what can be considered acceptable in a given society as the human behavior. Therefore, the cultural gap can be defined as the difference between the countries based on the norms, ideas, values and beliefs (Shenkar, 2001). The cultural gap is an international business (IB) concept that has been most widely researched (Shenkar, 2001; Zaheer et al, 2012). It has been made clear today that the cultural gap is an important source of uncertainty for the entities in the process of internationalization (Slangen and van Tulder, 2009; López-Duarte and Vidal-Suárez, 2010). Therefore, the following hypothesis is proposed to investigate the relationship between the cultural gap and competitive advantage.

Hypothesis 6: there is a positive and significant relationship between the cultural gap and competitive advantage.

Despite the dominance of the cumulative scales of culture in the national level and in the international researches on business for the recognition of the inter-country cultural gaps (Shenkar, 2001; Drogendijk and Slangen, 2006), the experts have suggested the use of perceptual data for the evaluation of the cultural differences (Håkanson and Ambos, 2010; Azar, 2014b). The cultural gap is used for explaining an array of the business entities’ internationalization decision-making amongst which the foreign market selection (Håkanson and Dow, 2012; Azar, 2014a), the entry type selection (Taylor et al, 1998; Drogendijk and Slangen, 2006) and international marketing strategy (Moon and Park, 2011; Azar and Drogendijk, 2014) can be pointed out. Evans and Bridson (2005) have put forth the discussion that the perception of considerable cultural differences between the domestic and export markets of the business entities has urged them to adapt their export marketing strategies with the target market, especially so as to get adapted to the cultural traits and values of the country to which they make exports (Moon and park, 2011). Therefore, the following hypothesis is proposed to investigate the relationship between the cultural gap and the export performance:

Hypothesis 7: there is a positive and significant relationship between the cultural gap and export performance.

Generally, the present study deals with the investigation of the dynamic export capabilities and export performance through following the international competitive advantage, export performance and cultural gap and the moderating effect of the competitive intensity in the foreign business environment is evaluated (figure 1).



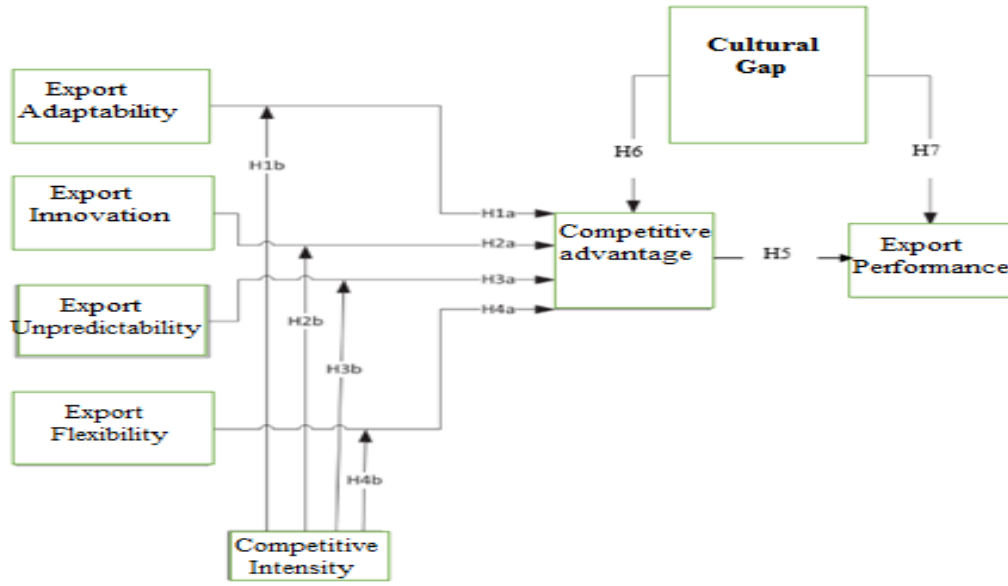


Figure 1: study conceptual model

Table 1: variables and the method of measuring them

Study variables	Measurement scale	Questionnaire source
Export adaptability	Likert's seven-point scale, mean scores of the questions 1-3	Kalanit Efrat et al (2018)
Export innovativeness	Likert's seven-point scale, mean scores of the questions 4-6	Kalanit Efrat et al (2018)
Export unpredictability	Likert's seven-point scale, mean scores of the questions 7-10	Kalanit Efrat et al (2018)
Export flexibility	Likert's seven-point scale, mean scores of the questions 11-13	Kalanit Efrat et al (2018)
Competitive intensity	Likert's seven-point scale, mean scores of the questions 14-17	Kalanit Efrat et al (2018)
Competitive advantage	Likert's seven-point scale, mean scores of the questions 18-21	Kalanit Efrat et al (2018)
Export performance	Likert's seven-point scale, mean scores of the questions 22-25	Kalanit Efrat et al (2018)
Cultural gap	Likert's seven-point scale, mean scores of the questions 26-30	Azar and Ryan (2016)

Study Methodology:

Study strategy: the present study is a survey research. And as we know, survey is one of the most common methods of quantitative research. The present study is an applied research in nature and it is carried out in a cross-sectional manner from temporal perspective. Also, the study model has been designed for the quantitative investigation and examination of the hypotheses in forthcoming stages meanwhile performing the researches and evaluations presented herein. The primary objective of this study strategy is the exploration of a phenomenon (Creswell, 2003)

and it is used properly when the researcher is looking for testing the emerging theoretical indicators (Morgan, 1998).

The Measurement Instrument, Study Sample Volume and the Statistical Techniques:

to gather the data, a researcher-constructed questionnaire with eight indicators based on the points, interpretations and expressions excerpted from the participants' quotations in the study and research phase of the current research paper were codified for the purpose of preserving the live soul governing the present study. The questionnaire was sent to ten professors in management field with the objective of ascertaining the questionnaire content validity (table 2). After receiving feedbacks from these experts, the suggested revisions were made and the final questionnaire was codified with 30 indicators. Also, the study population was comprised of the entire managers and experts from small and medium-sized leather industry enterprises whose central offices or factories were based in Tehran Province. The total number of the study population was 460 individuals. The sampling method employed in the current research paper was simple randomized sampling in such a manner that sampling was conducted randomly from every class of the study population based on Cochran formula after the number of the study population was determined. According to the calculations, the total number of the study sample volume was 210 individuals to whom 250 questionnaires were administered to collect the information.

Table 2: the content validity coefficients of the study variables

Construct	Variables' mean CVR coefficients	Construct	Variables' mean CVR coefficients	Construct	Variables' mean CVR coefficients
Q1	1.00	Q11	0.8	Q21	0.8
Q2	0.8	Q12	1.00	Q22	0.8
Q3	1.00	Q13	1.00	Q23	1.00
Q4	1.00	Q14	1.00	Q24	1.00
Q5	1.00	Q15	0.8	Q25	1.00
Q6	0.8	Q16	0.8	Q26	1.00
Q7	0.8	Q17	0.8	Q27	1.00
Q8	1.00	Q18	1.00	Q28	0.8
Q9	1.00	Q19	1.00	Q29	1.00
Q10	0.8	Q20	1.00	Q30	1.00

CVR amount can range from -1 to +1. A CVR=0.00 means that the intended item has been considered appropriate only by 50% of the respondents. Thus, the more the CVR is closer to unity, the more it is indicative of the item being realized as appropriate by a larger number of the respondents.

To evaluate the reliability of the questionnaire, it was randomly administered to a preliminary 20-individual sample of the staff. The Cronbach's alpha coefficients calculated for the preliminary sample are expressive of the appropriate reliability of the variables and the indices therein (table 3). This way, 250 other questionnaires were distributed in a simple randomized manner to the staff and 210 questionnaires were returned for a questionnaire return rate of 84%. It was found out after the investigation of the demographic characteristics of the study sample volume that about 44% of the respondents are in an age range from 20 to 30, 20.5% are in an age range from 31 to 40 and almost 36% of them are above 41 years of age. In terms of the education level, 51% of the respondents had BA degrees and about 49% had MA and higher degrees. Moreover, it was made clear that 47% of the respondents are female and 53% of the



study population is constituted of male respondents. Furthermore, 41% of the respondents had a work year of five years and lower, 14% had a work experience between 5 to 10 years and 42% had a service year of over ten years. The simple randomized sampling provides the researcher with the option to potentially reflect the ideas and notions of the entire target study population with an equal chance.

Table 3: reliability test

Variable	Cronbach's alpha	Result
Study questionnaire	0.849	The pseudo-test's reliability confirmation

Data Analysis:

Table (4) summarizes the descriptive statistics including mean and standard deviation; in addition, the explained variance (AVE), combined reliability (CR) and correlation of each variable have also been presented. The entire values of the CR should be larger than 0.7. Also, the average variance extracted (AVE) should be at least 0.5.

Table 4: descriptive statistics and correlation matrix

	AVE	CR	Mean	SD	1	2	3	4	5	6	7	8
Export adaptability	0.487	0.74	3.94	0.55								
Flexibility	0.509	0.733	3.24	0.73	0.334**1							
Export performance	0.481	0.787	3.62	0.65	0.394**	0.305**						
Unpredictability	0.456	0.753	3.77	0.61	0.49**	0.405**	0.479**					
Cultural gap	0.342	0.684	3.54	0.54	0.295**	0.232**	0.405**	0.324**				
Competitive advantage	0.54	0.824	3.58	0.68	0.421**	0.35**	0.599**	0.43**	0.403**			
Innovativeness	0.506	0.752	3.83	0.62	0.419**	0.27**	0.385**	0.462**	0.206**	0.414**		
Competitive intensity	-	-	3.92	0.59	0.455**	0.374**	0.565**	0.464**	0.353**	0.586**	0.349**	

Also, structural equation model was employed to perform the statistical analysis required for the study hypothesis test in the second version of Smart PLS software for such a reason as the fact that the data distribution normality was found not holding. Next, the measurement model's significance and the convergent validity were investigated. Usually, the first scale that is controlled in the reflective measurement models is the reliability of the internal consistency. The conventional scale used for making such a control is Cronbach's alpha. Alpha is the classic index for analyzing the reliability and indicates a strong tradition in SEM community and it also offers an estimation of the reliability based on the indicators' internal correlation. According to the fact that the given Cronbach Alpha strongly denies the internal coherence validity of the hidden variables (table 5), in the pathway model of CR, another measure is used, called mixed validity Smart-PLS (table 4). When the amount of Dilongledstein's CR is found above 0.7, the block is considered unidimensional. The main scale for the evaluation of the endogenous hidden

¹ ** denotes significance in a 5% error level and 95% confidence level

variables is the determination coefficient (R^2). If the structures of a given internal path model is found accounting for an endogenous hidden variable with a few (one or two) exogenous hidden variables then the mean R^2 becomes acceptable. The values reported for R^2 of the entire variables are found acceptable herein (table 5). The Cronbach's alpha coefficients were found appropriate, to wit above 0.7, for all of the variables. The entire array of the fit indices applied herein is reflective of the goodness of the model's fit. Thus, it can be concluded that the study model possesses a high ability in measuring the study's main variable. In a second stage, the study's structural equation model was investigated. Corresponding to the outputs of the fit estimation of the adjusted model, the final model of the study was confirmed (table 5). GOF scale pertains to a general part of the structural equation models meaning that the researcher can control the goodness of fit of the overall model using this scale after estimating the fit of the measurement part and the general structural model of the study. Values 0.01, 0.25 and 0.35 are respectively indicative of the generally weak, medium and strong goodness of fit (table 5). According to the GOF value's being found equal to 0.318 herein, it can be stated that the model's general goodness of fit is in an acceptable and excellent level. It is worth mentioning that the study only sufficed to the creation of a relationship between the variables' errors amongst the software's suggested adjustments. Due to the significance of the regression coefficient, each of the hypotheses was confirmed in a 95% significance level (table 6).

Table 5: the values of the final model's fit estimation

	R^2	Cronbach's alpha	GOF
Export adaptability	0.000	0.492	0.318
Flexibility	0.000	0.517	
Export performance	0.469	0.643	
Unpredictability	0.000	0.592	
Cultural gap	0.000	0.492	
Competitive advantage	0.468	0.716	
Innovativeness	0.000	0.517	

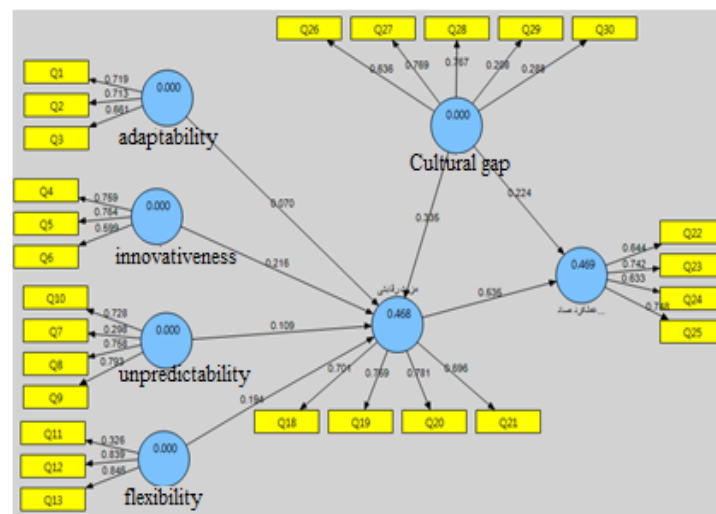


Figure 2: the study structural equation in a standard mode

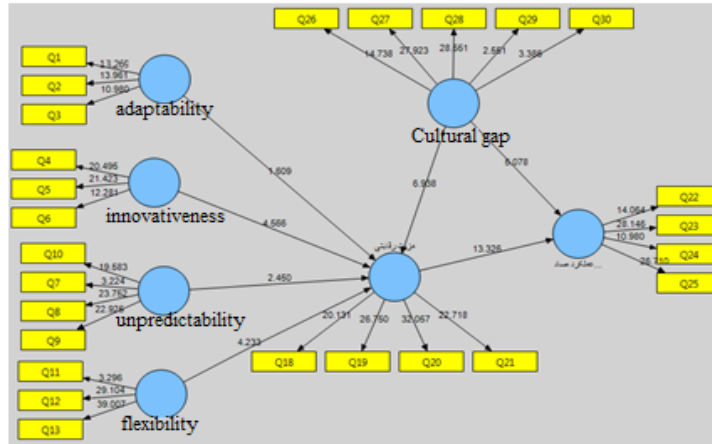


Figure 3: the study structural model in significance mode

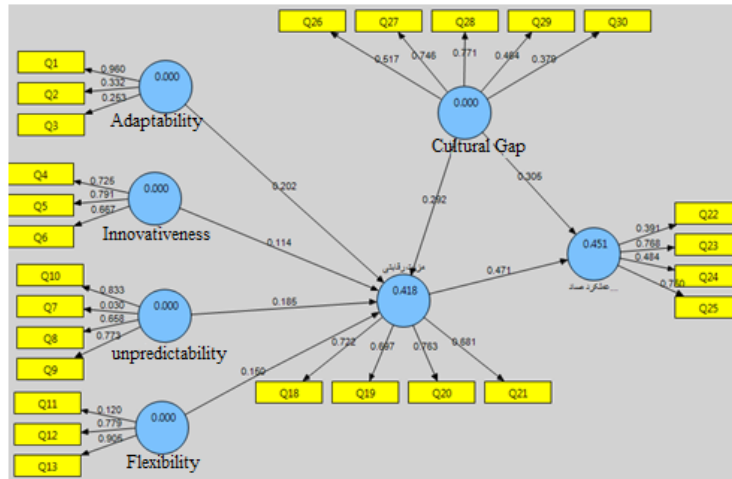


Figure 4: the study structural equation in the standard mode (moderation of the competitive intensity)

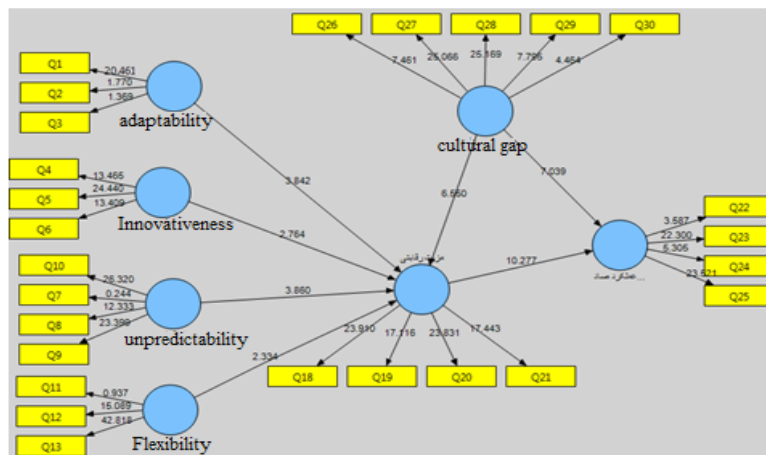


Figure 5: the study structural equation in the significance mode (moderation of the competitive intensity)

Table 6: The results of the structural equation modeling

Export performance (t-value)	Competitive advantage (t-value)	Variable name	Hypotheses
		Independent variable	
	0.07 (1.811)		H1a
	0.216** ² (4.576)	Export innovativeness	H2a
	0.109* ³ (2.566)	Export unpredictability	H3a
	0.194** (4.636)	Export flexibility	H4a
0.535** (12.938)		Competitive advantage	H5
0.224** (5.348)	0.335** (6.881)	Cultural gap	H6 and H7
Moderating effects			
	0.095** (38.603)	Export adaptability * competitive intensity	H1b
	0.054** (31.59)	Export innovativeness * competitive intensity	H2b
	0.087** (46.21)	Export unpredictability * competitive intensity	H3b
	0.071** (23.89)	Export flexibility * competitive intensity	H4b

DISCUSSION AND CONCLUSION

There is dynamicity and complexity in the business world with the ever changing business environment and customer priorities. To survive, the companies need to predict the changes in the business and market demands through bringing about internal changes. Now, such a prediction becomes proportionately more difficult and more important in the international markets due to the uncertainties and the intensive changeability of the environment and competition level. Due to the same reason, concentration on the information extant in this environment and knowledge-based production finds multiple times higher importance. To strengthen their competitiveness and improve their performance, the export companies pay a larger deal of attention to the export knowledge. Thus, in order to perform better, the companies focus more and make more investments, amongst their dynamic capabilities, on their reshaping capabilities and then on their abilities to seize the opportunities thereby to adjust and heighten their operating capabilities, the organizations' enjoyment of the dynamic export capabilities is important in that it causes survival and development of the organizations and paves the way for their adaptation to the current environment and the uncertainty-based environments. The issue is more important in the export companies due to their international activities. Also, due to the continuous uncertainty and changeability, the arena of the international competition is more important than the other environments. On the other hand, the existing cultural gaps, as well, can influence the export performance. The present study aimed at evaluating the enjoyment of

² ** denotes significance in a 1% error level and 99% confidence level

³ * denotes significance in a 5% error level and 99% confidence level



the dynamic export capabilities and export performance in respect to competitive advantage, competitive intensity and cultural gap. The results obtained from the study hypotheses indicated that innovativeness, unpredictability and flexibility are positively associated with the competitive advantage. Moreover, the relationship between these four dynamic export capabilities, namely adaptability, innovativeness, unpredictability and flexibility, and the competitive advantage becomes stronger when the competitive intensity is lower. Competitive advantage and cultural gap are positively and significantly correlated with the export performance and also there is a positive relationship between the cultural gap and the competitive advantage. Kalanit Efrat et al (2018) figured out that the unpredictability and task-flexibility are positively associated with the competitive advantage. Furthermore, it was also made clear regarding adaptability, innovativeness and task-flexibility that their effects on the competitive advantage diminish under higher levels of competitive intensity. However, in regard of the unpredictability, the effect becomes stronger when the competitive intensity is lower but they counteract one another. In addition, the effect of the competitive advantage on the export performance was also confirmed. The following suggestions have been made based on the study results:

1. The managers should come to a better recognition of the export affairs so as to improve the export performance. In other words, the managers in leather industry should pay more attention to the establishment of ties with the foreign markets and set the grounding to do so and make the employees aware of such a goal. It is only by doing so that the effective export performance can be ascertained in the leather industry.
2. To succeed in the competitive markets, it is necessary to hire qualified research and development teams so as to offer new products in proportion to the target export markets. Also, making efforts in line with offering the first of the types in the intended export market along with the creation of competitive advantages for the company can transform the company's name to a brand always remembered by the customers in the target export market. In other words, one should never forget that optimum quality and the required guarantee for the offered products play a very important role in this regard.
3. The future opportunities and threats in the export markets should be accurately identified for showing the rapid reactions considering the fact that innovativeness in export is of a great importance. But, it has to be noted that the cultural gap and the other factors involved in the success or failure of the export performance should be investigated and identified when developing new products

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