

Exporting Success Factors: The Case of Chilean Firms

Factores de Éxito de las Exportaciones: El Caso de las Empresas Chilenas

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Abstract. The study was based on Chile's export companies. An integrated framework grouped factors affecting export competitiveness into four dimensions: international strategic thrust, export-operative strategy, success at overcoming barriers, and access to foreign advantages. An associational analysis, regression with a backward method, enabled the identification of factors that affected exclusively the export growth of successful companies. From the strategic management dimension, variables identified and ordered according to their importance were expectations of CEOs on market positioning and market development, partnership strategies, export planning, and prompt foreign-needs assessment. From the dimension competencies for overcoming barriers, variables identified were tariff barriers and company size. From the dimension of access to foreign competitive advantages, variables identified were foreign suppliers, foreign investment, research and development (R & D) and foreign studies. In summary, Chile's successful export companies followed a highly flexible strategy for developing foreign markets that did not focus on positioning in each one, was driven by forecasted consumer needs, and established cooperative alliances and networks with foreign companies. Successful companies attained access to foreign comparative advantages or foreign diamonds through such means as receiving foreign investment, joint R & D projects with foreign firms, and human capital formation in foreign countries.

Keywords: International competitiveness, export success, strategy.

Resumen. El estudio se basó en las empresas exportadoras de Chile. El marco conceptual agrupa los factores que afectan la competitividad de las exportaciones en cuatro dimensiones: orientación estratégica internacional, la estrategia de operación de exportación, el éxito en la superación de las barreras, y el acceso a las ventajas extranjeras. Un análisis de asociaciones, de regresión con un método retrospectivo, permitió la identificación de los factores que afectaban exclusivamente el crecimiento de las exportaciones de las empresas exitosas. Desde la dimensión de la gestión estratégica, las variables identificadas y ordenadas según su importancia fueron las expectativas de los GGs en el posicionamiento en el mercado y el desarrollo de mercados, estrategias de colaboración, planificación de las exportaciones, y la pronta evaluación de las necesidades en el extranjero. Desde las competencias de dimensión para superar las barreras, las variables identificadas fueron las barreras arancelarias y el tamaño de la empresa. Desde la dimensión de acceso a las ventajas competitivas extranjeras, las variables identificadas fueron los proveedores extranjeros, la inversión extranjera, investigación y desarrollo (I & D) y estudios extranjeros. En resumen, las empresas exportadoras de éxito en Chile siguieron una estrategia altamente flexible para el desarrollo de mercados extranjeros que no se centró en el posicionamiento en cada uno, que fue impulsada por las necesidades de consumo previsto, y que ha establecido alianzas y redes de cooperación con empresas extranjeras. Las empresas de éxito lograron el acceso a las ventajas comparativas extranjeras o diamantes extranjeros a través de medios tales como la recepción de inversión extranjera, proyectos de I & D conjuntos con empresas extranjeras, y la formación de capital humano en países extranjeros.

Palabras clave: Competitividad internacional, exportaciones exitosas, estrategia.

INTRODUCTION

The research problem was to discover what firm-specific factors related to strategic and export management affect the success of Chile's export companies.

Globalization has changed the competitive field on which exporting companies vie for business. Barriers to trade and transportation costs have been reduced considerably since World War Two, while at the same time telecommunication technology developments have made it possible for companies to achieve a broader scope of operations worldwide. Thus, national companies simultaneously face threats from foreign competitors at home and opportunities for reaching wider markets abroad.

Export companies in developing countries have difficulty competing successfully in this new international environment. In general, these companies lack the resources, the stimulating business environment, the competencies, and competitive advantages, all of which are required if a firm is to be successful in the international arena (Lall, 2000)

Over the last 35 years, and as a result of the economic reforms that have been in force since the middle of the 1970s, Chilean companies have increased highly the number of products exported and the number of national markets achieved. Research Hypotheses:

H₁: Strategic management affects the export success of Chilean export companies

H₂: Export-operative strategies affect the export success of Chilean export companies

H₃: Export success depends on the competencies of the Chilean firms in overcoming barriers of the target countries

H₄: Access to foreign comparative advantages affects the success of Chilean export firms

IMPORTANCE OF THE STUDY

Econometric studies have demonstrated the positive effect of exports on GNP growth (French-Davis, 2003) Countries with a high score on competitiveness also show a high score on per capita income and on the human development, but they score low on inequality (Waheeduzzaman, 2002) Export success is more important than ever for economic performance, for it is the primary means of a country's gaining foreign exchange, reaping economies of scale and specialization, accessing new technology, and attracting foreign direct investment (Lall, 2000)

AN INTEGRATED FRAMEWORK

Based on a literature review, a theoretical framework was developed to integrate business-environment and firm-specific factors influencing export competitiveness (see **Figure 1**) Two large categories, the business-environment factors (BEF) and the firm-specific factors (FSF) involve eight factor dimensions affecting sustained export success. The former are considered external factors affecting the export competitiveness of the firm, and the latter are considered internal factors. This study considered only these internal factors.

Two main categories group the factors affecting international competitiveness of firms and determining export success proposed by the literature. Business-environment factors include factors external to companies that can affect their export performance. Firm-specific factors encompass factors internal to the firms that can affect their international performance.

This proposed framework aims to offer an integrated approach based on variables considered in the valuable but differently focused approaches presented in the literature. It integrates strategic, functional, and operative factors affecting exporting activities.

Figure 1. Competitiveness in Exporting: An Integrated Framework



A couple of assumptions that determined this study's focus should be discussed. However ample this framework is, the research is focused exclusively on firm-specific factors because the resources and time available permitted advancing only in stages. At the first stage, firm-specific factors seemed to be of paramount importance. Rumelt (1998) highlighted theoretical and statistical studies showing that industry environment explains, at best, only about 8% of the observed dispersion among business-unit profit rates. Thus the firm, as the main unit of analysis, must be the focus of performance studies.

Business-Environment Factors (BEF) encompass those factors related to: national comparative advantages, the national resource-created base, national industry-comparative advantages, and

home government behavior.

National Comparative Advantages include those factors that stem from natural resources such as labor and capital cost, geographic location, climate, land, and risk perception.

The National Resource-Created Base includes all those resources accumulated historically by the nation through the transformation of natural resources and international exchanges as well as its investments in human, physical, and technological resources. These factors can be grouped as historic and cultural (individualism, power distance, attitudes toward integration and cooperation, moral discipline, and so on) physical infrastructure, educational and training system (local skill-base) scientific and technological research institutions, and

telecommunications systems.

National Industry-Comparative Advantages include such factors as innovation, technology intensiveness, factor-input conditions, demand conditions, rivalry, regulations, suppliers, and local clusters. The latter considers knowledge exchange (tacit and explicit) knowledge spillovers, inter-firm relationships, and utilization of shared resources.

Home Government Behavior considers technology-upgrading programs, export-service programs, market development programs, assistance for market and financing access, assistance for improving production competitiveness, and foreign relationship support.

Firm-Specific Factors (FSF) include those factors that are related to an international firm-strategic thrust, export-operative strategy, success in overcoming barriers, and access to foreign comparative advantages.

Firm-Strategic Thrust

This dimension considers core strategic definitions; firm-comparative resources; international core competences; international strategies; and international strategic implementation.

Core strategic definitions include factors such as strategic capability (Andrews, 1971; Hunt, 2000) extent of international business involvement (Cavusgil and Zou, 1994; Kotabe and Czinkota 1992) attitudes to international business (Calof, 1993; Aaby and Slater, 1989) international risk perception (Bonaccorsi, 1992) and expectations on attractiveness (Kotabe and Czinkota, 1992; Bonaccorsi, 1992)

Firm comparative resources encompasses factors such as human resources (Mahoney and Pandian, 1992; Hoffer and Schendel, 1978; Wernfelt, 1989; Hunt, 2000; Shipchandler and Moore, 2000; Moini, 1995) R&D capabilities (Caves, 1982) physical resources (Mahoney and Pandian, 1992; Hoffer and Schendel, 1978; Wernfelt, 1989) intangible resources such as knowledge, idiosyncratic, brand and reputation (Mahoney and Pandian, 1992; Hunt,

2000) informational resources (Penrose, 1959; Kotabe and Czinkota, 1992; Bonaccorsi, 1992; Hunt, 2000) communication (Aaby and Slater, 1989) technical know-how capabilities (Penrose, 1959; Hoffer and Schendel, 1978; Leonidou and Katsikeas, 1996; Aaby and Slater, 1989) managerial ability (Penrose, 1959; Wernfelt, 1989; Leonidou and Katsikeas, 1996; Aaby and Slater, 1989; Kotabe and Czinkota, 1992) financial resources (Hoffer and Schendel, 1978; Wernfelt, 1989; Kotabe and Czinkota, 1992; Hunt, 2000) Organizational resources such as quality control systems, and corporate culture (Hoffer and Schendel, 1978; Aaby and Slater, 1989; Loustarinen and Welch, 1990; Hunt, 2000) legal such as trademarks and licenses (Hunt, 2000) relational like relationships with competitors, suppliers, and customers (Hunt, 2000) renewal competences, and prompt proactive innovations (De Chiara and Minguzzi, 2002; Hunt, 2000) and ability to learn (Chaston et al, 2001; Mitra, 2000; Nevis et al, 1995; Slater and Narver, 1995; De Chiara and Minguzzi, 2002; Hunt, 2000; Hoffer and Schendel, 1978)

International core competences includes international experience (Cavusgil and Zou, 1994; Johanson and Wiedershein-Paul, 1975; Bilkey and Tesar, 1977) internalization advantages (Rugman and Verbeke, 1993; Dunning, 1988) ownership specific advantages (Rugman and Verbeke, 1993; Kotabe and Czinkota, 1992; Dunning, 1988) innovation capabilities (Bagchi-Sen, 1999; Dunning, 1988); location advantages (Rugman and Verbeke, 1993; Dunning, 1988) manufacturing capabilities for specialty products (Namiki, 1988; Christensen, Da Rocha, and Gertner, 1987) Technological superiorita (Namiki, 1988) capabilities for new product development (Bilkey and Tesar, 1977) organizational learning (Lamb and Liesh, 2002; Argyris and Schon, 1978; Bilkey and Tesar, 1977) international relationships with competitors, suppliers, and customers (Cartwright, 1993) dynamics competences (Teece, Pisano, and Shuen, 1997) planning systems (Bilkey and Tesar, 1977; Leonidou and Katsikeas,

1996; Aaby and Slater, 1989)

International strategies encompass business strategy (Leonidou and Katsikeas, 1996; Bonaccorsi, 1992) networking setting strategy (Crick and Jones, 2000; Schmitz, 2000) vertical integration strategy (Schmitz, 2000) foreign-market entry strategy (DeNoble, Castaldi, and Moliver, 1989; Bonaccorsi, 1992) degree of country- market diversification (Bonaccorsi, 1992) foreign co-operative alliances (Baird and Lyles, 1994; Bonaccorsi, 1992; Brown, 1991; Shan, 1990; Van Horne, 1990) diversification (Mahoney and Pandian, 1992) inter-firm co-operation (Schmitz, 2000) Quality (Baird and Lyles, 1994; Cartwright, 1993; Christensen, Da Rocha, and Gertner, 1987)

International strategic implementation includes managerial commitment (Cavusgil and Zou, 1994; Cartwright, 1993; Kotabe and Czinkota, 1992; Aaby and Slater, 1989; Bilkey and Tesar, 1977; Johanson and Wiedershein-Paul, 1975) international involvement (Johanson and Wiedershein-Paul, 1975) and international structures (Cartwright, 1993)

Export-Operative Strategy

This dimension includes factors such as export marketing strategy (Cavusgil and Zou, 1994; Aaby and Slater, 1989) market knowledge (Calof, 1993; Aaby and Slater, 1989; De Chiara and Minguzzi, 2002; Lamb and Liesh, 2002) identify customers' needs (Meloan and Graham, 1998) product characteristics such as culture specificity, patent strength, and uniqueness (Cavusgil and Zou, 1994; Namiki, 1988; Sriram and Sapienza, 1991; Leonidou and Katsikeas, 1996; Aaby and Slater, 1989) product adaptation (Cavusgil and Zou, 1994; Bonaccorsi, 1992) promotion (Cavusgil and Zou, 1994; Aaby and Slater, 1989) competitive pricing (Cavusgil and Zou, 1994; Namiki, 1988; Leonidou and Katsikeas, 1996) distribution (Cavusgil and Zou, 1994; Sriram and Sapienza, 1991; Aaby and Slater, 1989) Marketing mix adaptation to market target (Cavusgil and Zou, 1994) customer service (Namiki, 1988; Baird and Lyles, 1994) image and quality (Baird and Lyles, 1994)

Success for Overcoming Barriers

It encompasses factors such as size (Cavusgil and Zou, 1994; Aaby and Slater, 1989; DeNoble, Castaldi, and Moliver, 1989; Bonaccorsi, 1992) regulatory framework (Cavusgil and Zou, 1994; Kotabe and Czinkota, 1992) legal framework (Cavusgil and Zou, 1994) export market potential demand (Cavusgil and Zou, 1994; Kotabe and Czinkota, 1992) degree of cultural difference (Cavusgil and Zou, 1994; Johanson and Vahlne, 1977) differences in language (Johanson and Vahlne, 1977); differences in political systems (Johanson and Vahlne, 1977) level of education (Johanson and Vahlne, 1977) level of industrial development (Johanson and Vahlne, 1977) degree of rivalry (Cavusgil and Zou, 1994) customers' familiarity with the product (Cavusgil and Zou, 1994) customers' brand knowledge (Cavusgil and Zou, 1994) export procedures (Cavusgil, 1980; Kotabe and Czinkota, 1992) import/export restrictions and transport arrangements (Cavusgil, 1980; Kotabe and Czinkota, 1992) exchange rate fluctuations, development of distribution channels, financial barriers, and information (Cavusgil, 1980) collection of money (Cavusgil, 1980; Kotabe and Czinkota, 1992) payment assurance, international marketing services, and tax implications of exporting (Kotabe and Czinkota, 1992)

Access to Foreign Comparative Advantages

It considers factors such as foreign investment (Lall, 2000; Hitt, Hoskinsson, and Harrison, 1991) human capital formation (Wint, 1998; Nelson, 1993; Dunning, 1988; Porter, 1990) joint research and development program (Lall, 2000; Wint, 1998) foreign suppliers (Cartwright, 1993) and foreign knowledge access (Mitra, 2000; Lundval, 1999)

METHODOLOGY

Export success was the dependent variable. The export rate of growth was the proxy used to measure export success. Different indicators have been used to measure the dependent variable export

performance (Cavusgil and Zou, 1994; Katsikeas et al, 2000; Madsen, 1987; Shoham, 1998) Export performance measures can be objective and include such factors as export growth rate, export intensity, the ratio between export and total sales, return on assets, and profitability. Subjective export measures can measure performance such as satisfaction with the export level achieved or with the return on assets. Bijmolt and Zwart (1994) proposed export percentage of total sales as an important indicator of export success.

However, this study measured export performance by the rate of growth of international sales because it is an easily obtainable, objective, and accurate measure. A ratio scale was used to measure the dependent variable export performance. The National Agency of Export Promotion (ProChile) and the Central bank of Chile supplied accurate data about company exports.

Successful companies were defined as those that were exporting without interruption during the three years and had an above-average rate of export growth during that period.

A questionnaire (self-report) sent to chief executives in charge of export management at each firm in the final sample provided the primary data. The instrument contained questions structured to measure the independent variables involved in the study. A Likert 1–5 scale measured responses to the questions with 1 indicating the lowest intensity or importance and 5 the highest.

The reliability of the questionnaire was tested. Cronbach's alpha test was used to measure internal consistency, which is appropriate when using the Likert scale (Glinner and Morgan, 2000) The statistics were $F(132, 72) = 91.1$, $p = .000$, $\alpha = .926$ ($n = 133$) Thus, the questionnaire has a high consistency.

A split-half method, adjusted by the Spearman-Brown formula, confirmed internal consistency reliability. Correlations between forms was .7312 ($n = 133$) Gutman split-half was .8447 ($n = 133$) Equal-length Spearman-Brown was .8447 ($n = 73$) and unequal-length Spearman-Brown was .8447. Thus,

the split-half method confirmed the consistency reliability tested by Cronbach's alpha.

Selection of Participants

The target, or theoretical, population of the study was export companies in Chile. A list of Chilean export companies supplied by ProChile enabled identification of an accessible population composed of 4119 exporters. Companies selected for the research sample met two requirements (1) Export activity was uninterrupted during the three years and (2) Not a mining company.

After application of the above criteria, 2027 companies remained. These companies were divided according their export growth rate into three groups. Group 0 included those companies that exhibited a negative rate of growth. Group 1 included the export companies whose rate of growth was under the average but positive. Group 2, was comprised of successful export companies, those whose export growth rate was above the average export growth rate of all the companies included in the list.

A stratified random selection with different proportions used within each group determined the final sample. Four out of every 10 companies in each group were selected until 160 companies per group had been chosen. The selected sample was comprised of 480 companies.

From the 480 companies of the randomly selected sample, 133 companies responded the questionnaires, yielding a response rate of 27.7%. Thus, 133 companies comprised the actual sample, which was divided into three groups according to the performance criteria. Group 0, made up of companies that exhibited a negative export growth rate, included 39 companies, 29.3% of the sample. Group 1 included 56 companies with a below-average growth rate, 42.1% of the sample. Group 2 was comprised of 38 companies whose export growth rate was above average, and these constituted 28.6% of the sample. All the groups were of similar size. Group 0 and Group 2 are almost equal in size; Group 1 is somewhat larger than the others.

Companies with 1 to 49 employees comprised 45% of the sample; 18.9% of the companies had between 50 and 99 employees; and 30.1% of the companies had more than 100 employees.

Companies with between three and five years exporting experience made up 13.4% of the sample; 30.3% of the companies had been exporting for 6 to 10 years; 27.7% had between 11 and 15 years exporting experience; and 28.6% had more than 16 years.

Companies belonging to the primary productive sector comprised 66.9% of the sample, and 28.5% are from the manufacturing sector. Only 3.1% of the sample came from the service sector.

Procedures

The study was designed to ensure that times, conditions, and procedures were as close to real conditions as possible. In order to obtain primary data, a pre-test administered to five executives from selected companies evaluated the survey used. To clarify their meaning, some questions were modified to avoid technical words while maintaining the concept. When the instrument was ready, the questionnaires were sent over the Internet to the chief exporting officers of all the selected companies. The form was designed to be in a user-friendly format.

Data Processing and Analysis

An associational analysis, by regression and correlation techniques, was used to identify significant independent variables, and their relative weight, that affect the export growth of successful companies. Assumptions of normality, linearity, homoscedasticity, and independence of the residuals were assessed. Internal consistency reliability of the questionnaire was tested by Cronbach's alpha and split-half method adjusted by the Spearman-Brown formula.

FINDINGS

The Model

The regression model adjusted to data (see **Table 1**) identified the significant independent variables

affecting the dependent variable export growth for companies from group 2. These companies are considered successful in this study.

Table 1 exhibits the main traits of the model regressed for successful exporting companies. This model explains 66.8% of the change in the dependent variable export growth. This percentage decreases to 52.7% when the model is adjusted with respect to the sample size and number of variables included.

ANOVA showed that the model is significant, $F(11, 26) = 4.75$, $p = .001$. The amount of variation in the dependent variable explained by the model is not by chance 99.9% of the time. The Kolmogorov-Smirnov Test of normality (Lilliefors significance correction) applied on unstandardized residuals shows their distribution was not significantly different from a normal distribution $p = .2$, at $\alpha = .05$ with 132 degrees of freedom. Therefore, the residual distribution met the assumption of normality.

All the coefficients and the constant had a statistically significant effect in the regression model. Collinearity among independent variables was measured by the tolerance value (T) and its inverse, the variance inflation factor (VIF). The cutoff threshold is a tolerance value with a minimum of .10, corresponding to a VIF value above 10 (Hair, et al, 1998) T values were much higher than .10 and VIF values lower than the 10 threshold value.

In order to test homoscedasticity, White's heteroscedasticity test was applied. As this test indicated $F(11, 26) = 1.009$, $p = .5038$, there is no problem with homoscedasticity.

Linearity was tested by an analysis of residuals and partial regression plots. Both residuals and partial regression showed a linear relationship.

The analysis shows that the variables included in the model have a significant effect on export growth, the dependent variable, for the companies that grew above the average, and that the same variables do not have a significant effect on the export growth of unsuccessful companies. Therefore, variables included in the model are significant for successful companies exclusively.

Table 1. Firm-specific Factors Explaining Export Success (N = 38)

Variables	B	SE B	B	T	VIF
(Constant)	535.94	117.03			
Foreign investment (1)	30.94	11.96	.322*	.827	1.21
Foreign studies (2)	19.84	10.46	.294	.531	1.88
R & D (3)	20.87	10.10	.303*	.596	1.68
Foreign Suppliers (4)	-42.55	12.12	-.507**	.611	1.64
Market positioning (6)	-114.54	24.43	-.825**	.413	2.42
Market development (8)	52.48	17.72	.480**	.486	2.06
Export planning (28)	-55.42	19.61	-.365**	.766	1.31
Prompt foreign-needs (33)	42.33	21.45	.282	.627	1.60
Partnership strategies (39)	40.22	13.98	.445**	.533	1.88
Company size (65)	-33.08	16.10	-.267	.757	1.32
Tariff barriers (68)	-38.07	11.47	-.456**	.676	1.48

Notes: $R^2 = .668$, adjusted $R^2 = .527$; $F(11, 26) = 4.75$, $p < .001$

* $p < .05$; $p < .10$. ** $p < .01$.

Variables that positively affect export growth in successful companies can be ordered according to their relative weight, measured by standardized coefficients, as follows: (1) market development, (2) partnership strategies, (3) foreign investment, (4) R & D, (5) foreign studies, and (6) prompt foreign-needs assessment.

Variables that negatively affect export growth can be ordered according their relative importance as

follows: (1) market positioning, (2) foreign suppliers, (3) tariff barriers, (4) export planning, and (5) company size.

Exogenous variables such as number of employees, years of exporting, location in the country, and productive sector where the companies operate, were not significant for successful Chilean exporting companies.

CONCLUSIONS

H₁: Strategic management affects the success of Chilean export companies

Core Strategic Definitions

In the core strategic definitions dimension, two variables were significant for successful companies: market positioning and market development. Both are related to what benefits the companies expected to reap from exporting to foreign markets.

Market positioning refers to the extent to which executives pursue an increase in sales through market positioning in foreign countries. For successful companies, market positioning exhibited both a negative relationship with the export growth variable and a high relative weight in the equation (see **Table 1**) These findings mean that most successful exporting companies had little expectation of obtaining a position in their target markets. An explanation may be that in the last 30 years, as a consequence of the economic reforms that began in the mid-1980s, Chilean companies increased the number of products exported, from 200 to 3900, and the number of national markets from 31 to 174, and thus were focused on worldwide market expansion rather than on pursuing nation-specific market positioning.

Market development refers to the extent to which executives expected to improve competitiveness by developing foreign markets. For successful companies this variable showed a positive relationship to the export growth variable (see **Table 1**) which means that successful export companies did expect to improve their competitiveness through developing markets. This relationship supports the explanation that Chilean companies were driven by the goal of market expansion rather than market positioning. Firms driven by expectations of market development confirmed the assertion of Kotabe and Czinkota (1992) that firms increase their level of internationalization when the management has a favorable expectation regarding the attractiveness of foreign markets. Moreover, this finding supported

Moini's conclusion (1995) that the willingness to search for foreign markets is one of the determining factors of export success, along with possession of a competitive advantage.

International Core Competencies

In the dimension international core competencies, the variables export planning and prompt foreign-needs vision were significant. Export planning considers the competence of firms in export planning. This variable exhibited a negative relationship with respect to export growth (see **Table1**) which means that the greater the export growth of the firm, the lesser the competence in export planning. In this case, export planning must be understood in the context of strategic management rather than export operations. This is a surprising finding, but it can be interpreted to mean that those companies that are very flexible ("lean exporting") in strategic management experience greater export growth. These firms endeavor try to make sales anywhere at anytime. Fruit exporters typically behave in this manner; they change the target market when export goods are leaving port and when the market changes.

This study failed to confirm what some researchers maintain: international firms have better planning systems for new product development (Aaby and Slater, 1989; Baird and Lyles, 1994) Furthermore, Leonidou and Katsikeas (1996) have pointed out that as firms arrive at more advanced export stages, their commitment to planning becomes more intense.

Perhaps, the lack of export planning competencies for successful export companies in Chile suggests that Chilean companies, however long they have been shipping goods abroad, are stalled at a primary stage of exporting. The companies included in the sample do in fact have extensive export experience: 86.6% have more than six years exporting experience; 56.3% have been exporting goods for more than 11 years; and another 28.6% have been doing business internationally for more than 16 years. But 66.9% of the companies belong to the primary productive sector, and the majority of the 28.5% of

the companies belonging to the manufacturing sector produce low value-added export goods.

Nevertheless, the lack of strategic export planning competencies among Chile's successful export companies confirmed what Chen and Wong (2003) found. They discovered that successful international companies have more aggressive market objectives and more informal structures and planning.

Prompt foreign-needs assessment refers to the competence of firms in promptly identifying new needs in foreign markets. The analysis showed a positive relationship between prompt foreign needs assessment and export growth among successful companies. Thus, the more effective a company is at identifying new needs in foreign markets, the greater is its export growth. This positive relationship affirmed the importance that Meloan and Graham (1998) attribute to the ability of companies to discern what customers need, want, and will buy. It must be assumed that a link between prompt foreign-needs assessment and export growth exists. Prompt foreign-needs assessment generates an increase in exports when it encourages innovations that make it possible to respond to consumer wishes with new products.

Innovation capabilities (Bagchi-Sen, 1999; Dunning, 1988) manufacturing capabilities for specialty products (Christensen, Da Rocha, and Gertner, 1987; Namiki, 1988) capabilities for new product development (Bilkey and Tesar, 1997) and organizational learning (Argyris and Schon, 1978; Bilkey and Tesar, 1977; Lamb and Liesh, 2002) are the core competencies required for an appropriate, prompt response to customer needs.

International Strategies

The only variable from this dimension relevant to successful companies was partnership strategies. This variable involves strategies for cooperation and forging alliances with foreign companies. Export growth showed a positive relationship with partnership strategies (see **Table 1**) that is, successful companies increase their export growth when they

formulate strategies for cooperation and forming alliances with foreign companies. That partnership strategies contributed to success confirms what many researchers have already pointed out (Baird and Lyles, 1994; Brown, 1991; Crick and Jones, 2000; Shan, 1990; Schmitz, 2000; Van Horne, 1990) Partnership strategies help companies overcome cultural distance, obtain market knowledge, share the effort involved in entering a new market, achieve economies of scale, access new technologies, and improve quality and delivery speed to consumers.

Cartwright (1993) drawing on his own research, emphasized his finding: close working relationships with foreign distributors and customers is an important factor for explaining competitiveness and performance improvements. Bonaccorsi (1992) found that the cluster-collective experience of small exporting firms reduces entry barriers to foreign markets, facilitates access to foreign markets information, and encourages imitative behavior. The relationship found between export growth and partnerships strategies for successful Chilean exporting companies confirmed the findings of both researchers.

The importance of partnership strategies confirmed what Mitra (2000) emphasized when he pointed out that a core capability of the SME is to leverage their competencies with other firms, resources, and institutions available externally.

International Strategic Implementation

None of the variables grouped into this dimension were significant for successful companies. The analysis of significant variables related to hypothesis 1, strategic management affects the success of Chile's export companies, enabled a summary conclusion. Not all variables grouped into strategic thrust affect export success, but some, such as market positioning, market development, export planning, prompt foreign-needs assessment, and partnership strategies did affect the export success of exporting companies. Therefore, the null hypothesis, strategic management does not affect the success of

Chile's exporting companies, was rejected.

H₂: Export-Operative strategies affect the export success of Chilean export companies

None of the variables grouped into export-operative strategies were included in the model for successful companies. The correlation matrix indicated no Pearson correlation between export growth and the variables grouped under export-operative strategies.

This result did not confirm Kotabe and Czinkota's (1992) findings. They pointed out that export procedural expertise together with corporate resources for export involvements were the primary technical requirements for successful exporters. The explanation for the exclusion of variables related to export-operative strategies is located in the experience profile of exporting companies; most of them had been exporting for more than 11 years.

Nevertheless, three variables included in export-operative strategy dimension showed significant relationship to export growth when all the companies belonging to the sample were taken into consideration. Backward regression found that significant unique products, brand identification, and distribution strategy were significant variables for the Chilean export companies in the sample but not, in particular, for successful exporting companies. Export-operative strategy was not a success factor, but surely it is a necessary condition for a company to be an exporter. The null hypothesis, export-operative strategies do not affect export success for successful companies, was accepted.

H₃: Export success depends on the competencies of the Chilean firms in overcoming barriers of the target countries

From this dimension company size and tariff barriers variables were included in the model. Both variables refer to the degree that they restrain companies from entering foreign markets. Cavusgil (1980) pointed out that a firm's long-term commitment to exporting depends on how successfully

management overcomes these restraints.

Company size exhibited a negative relationship to export growth for successful companies (see **Table 1**). This result means that the smaller the company, the greater the export growth. Thus, rather than being a restraint, small size is, in fact, an advantage for successful Chilean companies. This finding is surprising because many scholars who have investigated this relationship (Aaby and Slater, 1989; Cavusgil and Zou, 1994; DeNoble et al, 1989) maintain that small company size is a restraint to engaging in foreign trade. However, Bonaccorsi (1992) studying small Italian firms, found that large firm size contributes positively to becoming an exporter, but export intensity had no relationship to company size.

The experience of many small Chilean companies indicated they have been operating in foreign trade more easily than they operate in the national market. This was not always the case. Advances in communication technology, reductions in transportation costs, and diversified and developed distribution channels in target markets explain how small companies can go abroad more easily now than they could in the past. Big companies that are comfortable with their positioning in the local markets sometimes have difficulties adapting to foreign market requirements without losing their local competitive advantage.

Tariff barriers exhibited a negative relationship to the dependent variable export growth (see **Table 1**) which means that higher tariff barriers imply lower export growth for successful companies. This finding is consistent with the findings of other researchers reported in the literature about trade barriers. Of particular importance is the fact that tariff barriers generate a tax effect on demand thus decreasing consumer purchases. Therefore, the null hypothesis, exporting success does not depend on the competencies of the firms in overcoming barriers in target countries, must be rejected. Competencies in overcoming barriers do help companies reduce the negative effects of barriers on export growth.

H₄: Access to foreign comparative advantages affects the success of Chilean export firms

In the access to foreign comparative advantages dimension, four variables were significant and correlated with export growth of successful companies. Foreign investment, foreign studies, research and development (R & D) and foreign suppliers were variables included in the model.

Foreign investment received by the firms showed a positive relationship to export growth (see **Table 1**) exports rose in companies receiving foreign investment. This finding is consistent with what other researchers have concluded: foreign investment in companies enhances their competitiveness (Hitt, Hoskinsson, and Harrison, 1991; Lall, 2000; Wint, 1998)

Chilean companies' attraction of foreign direct investment can be explained by the product trade-cycle model (Vernon, 1966) Companies from developed countries that have created new products and technology need to produce the new product in foreign countries to reduce costs so they will be competitive in export markets, which they are able to do by using foreign comparative advantages, labor, and natural resources. Thus, Chile's successful exporters have exploited opportunities explained by the product trade-cycle model.

Foreign studies had a positive relationship to export growth for successful companies (see **Table 1**) The foreign studies variable took into account professionals who had studied abroad. These managers enhance a firm's ability to manage foreign markets. They provide better knowledge about foreign markets and their cultural requirements, technology applied to processes and products, and modern management techniques. Moreover, companies were able to access the competitive diamonds defined by Porter (1990) from other countries in order to gain competitive advantages through personnel that had studied in the developed countries. The importance of human capital to the acquisition of competitive advantage has been highlighted by many researchers (Dunning, 1993; Lall, 2000; Mitra,

2000; Nelson, 1993; Porter, 1998; Wint, 1988) and the findings of this research confirmed what these scholars have found.

The Research and Development variable refers to R & D projects conducted jointly with foreign companies. The model showed a positive and important relationship between R & D and export growth for successful companies (see **Table 1**) the more joint R & D a company had with foreign companies, the higher the export growth. This finding confirmed what many researchers have asserted (Dunning, 1993; Lall, 2000; Lundval, 1999; Porter, 1998; Wint, 1998) R & D makes possible innovation that, in turn, is the main source of responsiveness to customers that creates competitive advantages of firms.

The foreign supplier variable refers to the extent to which foreign suppliers affect export levels. The model showed an important and negative relationship between foreign suppliers and export growth for successful companies. Among the successful companies, the higher export growth, the lower the level of foreign supplier contribution. The explanation for this finding is that most of the products exported by Chile's companies were based on natural resources, so their dependence on foreign suppliers was not heavy. National suppliers seemed to be more relevant than foreign suppliers, which confirmed Porter's (1990, 1998a, 1998b) suggestion about the importance of related and supporting local industries in obtaining competitive advantages.

Considering that the four variables belonging to access to foreign comparative advantages were relevant in affecting the dependent variable export growth for successful exporting companies, the null hypothesis, access to foreign comparative advantages does not affect the success of exporting firms, was rejected.

Weight of the Variables in the Model

Variables that positively affect export growth in successful companies can be ordered as follows, according to their relative weight as measured by

standardized coefficients: (1) market development, (2) partnership strategies, (3) foreign investment, (4) R & D, (5) foreign studies, and (6) prompt foreign-needs assessment (see **Table 1**)

Variables that negatively affect export growth can be ordered according to their relative importance as follows: (1) market positioning, (2) foreign suppliers, (3) tariff barriers, (4) export planning, and (5) company size (see **Table 1**)

To summarize, successful Chilean export companies followed a highly flexible strategy for developing foreign markets. Their entry into foreign markets was driven by forecasted consumer needs, they opted not to focus on positioning in each one, and they took care to establish cooperative alliances and networks with foreign companies. Additionally, these successful companies gained access to foreign comparative advantages, or foreign “diamonds,” through such means as receiving foreign investment, joint R & D, and human capital formation in foreign countries.

Limitations

A limitation of this research is that it did not apply the framework completely and in more than one country because the greater resources and time a broader research scope would have required were not available. The research focused on the micro theory level, so it did not encompass business environmental factors at the macro level. The result, however, is a more focused study (Early and Mosakowski, 1996) If a complete body of knowledge involving all factors in the international competitiveness of export firms is to be created, this study must be continued in the future and include the business environmental factors that are considered in the entire framework proposal.

The model regressed for successful companies can explain up to 66.8% of the variance of the dependent variable export growth. The remaining 33.2% probably could be explained by variables belonging to the business environment dimension.

The adjusted $R^2 = .527$, compared with $R^2 = .668$ showed that the estimated model is not

over-fitted to the sample and that an appropriate ratio of observations to variables was included. Nevertheless, a higher response rate could have improved the relationship between observations and number of variables included in the model.

Another limitation of this study is the source of data. Top executives of the firms involved in export operations were the main source of information. Whatever biases they had affected the accuracy of the information they gave through the questionnaire.

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