Export market orientation, managerial ties, and performance

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Abstract
Purpose – The purpose of this study is to provide new insights into the link between export market orientation (EMO) and export performance by examining whether managerial ties act to moderate the relationship. Specifically, the study explores whether the extent to which firms have managerial ties (business and political) alters the ways in which the intelligence generation and dissemination components of export market orientation drive export market responsiveness, and in turn, impact on strategic export performance.

Design/methodology/approach – Survey data from 100 New Zealand firms exporting to the European Union are used.

Findings – The key findings indicate that: export market intelligence generation and dissemination have positive associations with responsiveness; the strength of business ties enhances the relationship between export market intelligence generation and responsiveness; the strength of political ties reduces the relationship between export market intelligence dissemination and responsiveness; and export market responsiveness is positively related to strategic export performance.

Originality/value – The study has implications for export marketing managers and researchers with respect to managing EMO levels and the development of managerial ties.

Keywords Export marketing orientation, Managerial ties, Strategic performance, Exporting, Moderations, European Union, New Zealand, Exports, Performance measures

Paper type Research paper

Introduction
Export market orientation (EMO) is the focus of much research (Cadogan et al., 1999, 2002; Kwon and Hu, 2000; Racela et al., 2007). For instance, research into EMO presents valid measures of the construct (Cadogan et al., 1999), identifies antecedents to EMO (e.g. Cadogan et al., 2001, 2006), and studies the consequences of EMO (e.g. Kwon and Hu, 2000; Cadogan et al., 2002; Kropp et al., 2006), demonstrating that EMO can be used as a key strategy to achieve higher export performance (Cadogan et al., 2009).

There remain, however, a number of research gaps to be filled. First, extant research tends to focus mainly on the direct effect of EMO on export performance (Cadogan et al., 2002; Kropp et al., 2006). Though useful, mixed results concerning the relationship between EMO and export performance are reported. Some studies reveal a significant direct effect of EMO on export performance (Kwon and Hu, 2000; Kropp et al., 2006), while others report both significant and non-significant results in their research investigation (Cadogan et al., 2002; Akyol and Akehurst, 2003). In addition to these results, another stream of research suggests that the effect of EMO on performance is indirect (Cadogan et al., 2003). For example, studies in the latter group suggest that the effect of EMO on profit performance is indirect, via sales growth (Cadogan et al., 2003). The impact of EMO on export performance may also be mediated by a firm's cooperation relationship with overseas distributors (Racela et al., 2007). Besides the mediation effect, prior research suggests that the impact of EMO on export performance is likely to be a function of environmental features, such as the
competitive and technology contexts the firm operates in (Cadogan et al., 2003). Moderating effects such as these may help explain the mixed results reported between EMO and performance (Cadogan et al., 2003).

However, though useful, the scope of the study of moderators in the EMO-performance framework needs to be expanded. For instance in addition to the factors that are already uncovered, recent research indicates that a firm’s managerial ties may also facilitate the implementation of EMO practice (Luo et al., 2008). In a study of foreign firms operating in China, Li et al. (2009) report that foreign firms can utilize the information and intelligence they acquire from their manager’s ties with other businesses to strengthen their competitive positions in the market. It is also reported that a firm’s managerial ties can enhance the implementation of marketing orientation in the host markets, and so it is argued that foreign firms need to engage to a higher extent in developing ties with their suppliers, buyers, customers and competitors in host markets (Luo et al., 2008). Racela et al. (2007) also find that EMO can promote personal relationships between exporters and foreign importers in international distribution channels. Collectively these studies indicate that a firm’s managerial ties with its foreign stakeholder may potentially play an important role in shaping the EMO-performance linkage. However, existing research does not specifically examine whether EMO’s relationship with export success is contingent on the existence and nature of exporters’ managerial ties. Accordingly, the latter issue is the core focus of the current study.

A second issue addressed in the current study is that it uses a disaggregation approach to the study of EMO. Existing research into EMO and performance tends to adopt an aggregation process, whereby the components of export market intelligence generation, dissemination and responsiveness are formed into a composite, and it is the composite that is used in empirical tests of models (Cadogan et al., 2002, 2009). However, as Sørensen (2009) notes, by examining market orientation at the disaggregate level, more precise modeling can be undertaken, and a more fine-grained understanding of market orientation’s outcomes can be achieved (Cadogan et al. 2008). For instance, recent research reports varied effects for the three EMO components on export performance (Murray et al., 2007; Rose and Shoham, 2002). Responsiveness is suggested to have a significant effect on export performance while the effects of intelligence dissemination and generation on performance are either non-existent or not conclusive. Therefore, in addition to modeling EMO as a composite, it is vital to examine the effect of individual EMO components in exporting research (Murray et al., 2007). In this respect, it seems pertinent to consider the causal relationship between intelligence generation, dissemination and responsiveness. Logic implies that market intelligence generation and dissemination are fundamental to effective responsiveness, and are fruitless if not acted on appropriately (Kwon and Hu, 2000; Racela et al., 2007). Accordingly, the current study models intelligence generation and dissemination as drivers of responsiveness, which in turn impacts on export success.

There are two key benefits to be gained from the research reported in this study. First, the findings will shed new light on how EMO behavior influences export performance, enhancing marketers’ knowledge of the role played by a central tenet in marketing theory. Second, by identifying situations where the components of market orientation may be more effective drivers of export success, the study can help inform better export practice.

In the following sections, the key conceptual elements in the research framework will be introduced, followed by the literature review and research hypotheses proposal.
The research methodology will then be presented, along with research measurements and analysis tools. This is followed by the reporting of the findings. The discussion, conclusions, implications, and research limitations will be presented at the end of the sections.

**Conceptual framework definitions**

**EMO**

In this study we adopt the EMO definition Cadogan et al. (1999) offer. In their study, EMO is defined as export intelligence generation, dissemination and responsiveness. Export intelligence generation includes the activities that are used to create export market intelligence (Racela et al., 2007). These include collecting information relating to trends, changes in the export environment, the forces that influence export customers’ needs and wants, and the measurement of export customer satisfaction.

Export intelligence dissemination denotes the activities involving the sharing of export market intelligence that is related to competitors and customers. Export market intelligence responsiveness represents the formulation and implementation of all responses toward the intelligence that has been collected, generated and disseminated within an exporting firm. These include responses that “are directed towards export customers, competitors or the environmental changes affecting the firm, its customers and its competitors” (Cadogan et al., 1999, pp. 691-2).

**Managerial ties**

Managerial ties consist of two aspects: business and political ties (Peng and Luo, 2000). Business ties denote export managers’ connections and social ties with their suppliers, buyers, distributors, competitors and other key firms in the host market (Johanson and Mattsson, 1988; Chetty and Holm, 2000; Luo et al., 2008). Political ties represent export managerial networks and connections with political leaders in various levels of host government and regulatory bureaus and organizations (Johanson and Mattsson, 1988; Chetty and Holm, 2000; Li et al., 2009). Both managerial ties are included in this study.

**Strategic performance**

Researchers define strategic export performance as a firm’s competitive position relative to its key competitors (e.g. increasing strategic awareness and response to competition) in the host market (Styles, 1998; Zou and Cavusgil, 2002). Strategic performance is viewed as an important financial aspect for exporting firms operating internationally (Cavusgil and Zou, 1994), as this objective can assist firms in establishing a competitive position and achieving their financial objectives in the host market. The conceptual framework underpinning the model is listed in Figure 1.

**Literature review and research hypotheses**

**EMO intelligence generation, dissemination and responsiveness.** Existing research mostly focusses on the integrated effect of firms’ overall EMO levels on their export performance (e.g. Cadogan et al., 2002, 2009). Research modeling the individual components of EMO is very limited (Murray et al., 2007; Sørensen, 2009), and yields mixed results. It is reported that intelligence dissemination has no significant effect on export performance while intelligence generation has little or no significant effect on export performance (Murray et al., 2007; Rose and Shoham, 2002). The EMO responsiveness component, on other hand, is revealed to have a strong and significant impact on export performance (Murray et al., 2007; Rose and Shoham, 2002).
Though intelligence generation and dissemination may not have a significant effect on export performance, research indicates that intelligence generation and dissemination are likely to have a significant influence on export intelligence responsiveness. This is because the impact of intelligence generation and dissemination on a firm’s success is often via its responsiveness toward the information that has been collected and disseminated. Only the things that firms do (e.g. the strategies they adopt and changes to the environment they make) will affect success (Kwon and Hu, 2000; Racela et al., 2007). Generating and disseminating information on their own are not sufficient to lead to success: the information acquired needs translating into action (i.e. the EMO responsiveness) and that action changes performance (not the EMO generation and dissemination per se).

This conceptualization of intelligence generation, dissemination and responsiveness is reported by several studies. Sørensen (2009, p. 742) argues that “once customer intelligence is generated and disseminated to the relevant executive, and is subsequently analyzed, actions must be taken based upon the processed intelligence.” Supporting this, Kohli et al. (1993, p. 467) define market orientation as “the organization-wide generation of market intelligence pertaining to current and future needs of customers, dissemination of intelligence horizontally and vertically within the organization, and organization-wide action or responsiveness to market intelligence.” Jiménez-Zarco et al. (2011, p. 44) further indicate that “responsiveness to market needs in the form of a more rapid product development process (coupled with better design, increased quality and low cost) is of paramount importance to firms seeking to improve or maintain their competitive edge.” Cadogan et al., (2008, p. 1268) attribute responsiveness as the “action taken in response to intelligence that is generated and disseminated” and argue that “the quality of a firm’s responsiveness activities is partly a function of the degree to which available market information influences the development and implementation of marketing plans”. Kwon and Hu (2000) and Racela et al. (2007) both assert that intelligence gathering and dissemination become futile if a proper responsive action is not accompanied. These studies suggest that intelligence gathering and dissemination are likely to act as antecedents to responsiveness.

The relationship between export intelligence generation, dissemination and responsiveness is also evidenced by a number of empirical studies that are conducted in different country regions. In their study of a cross-national examination of key export market-oriented behaviors of firms located in New Zealand and Finland, Cadogan et al. (2001) reveal a strong correlation between export intelligence generation
and dissemination and responsiveness. In their study of the EMO behavior of US exporting firms, Cadogan et al. (2002) report that firms are in a better position to satisfy customers’ needs and perform well against competitors if they constantly identify and respond to current and future customers’ needs and preferences. In their studies of firms operating in China and Israel, Murray et al. (2007) and Rose and Shoham (2002) both report that export intelligence generation and dissemination are significantly associated with export intelligence responsiveness. Racela et al. (2007) cite that Thai exporters use their intelligence generation, dissemination orientation to collect host market information such as market environment, business practices, product packaging, delivery schedule and preferred transportation methods. To ensure exporting success, exporters need to use their responsiveness orientation to respond to market intelligence that they collect from their intelligence generation and dissemination procedures. The responsive actions recommended include adaptation of production processes, product design, quality control and inspection. In a study of Korean exporting firms, Kwon and Hu (2000) also assert that marketing intelligence needs to be properly gathered, analyzed, disseminated and responded. A proper responsiveness implementation plan is the most critical step to a firm’s success in a foreign host market. Responsiveness can take place in terms of targeting marketing, product design and development that cater to the customers’ needs and wants, and distributing and promotion the product or service that can draw a favorable response. Together these studies also propose that export intelligence generation and dissemination are likely to be positively associated with export intelligence responsiveness:

\[ H1. \] EMO intelligence generation is positively related to EMO intelligence responsiveness.

\[ H2. \] EMO intelligence dissemination is positively related to EMO intelligence responsiveness.

**EMO intelligence generation, dissemination, business ties and EMO intelligence responsiveness.** It is proposed that the interactions of EMO generation and dissemination and business ties are likely to have a significant effect on the EMO responsiveness. As indicated, EMO is expressed in terms of intelligence generation, dissemination and responsiveness. Research concerning the relationship among EMO, managerial ties and performance is very limited (Racela et al., 2007). The review is based on that available in the literature.

Business ties are the linkages that the firm’s executives have with their counterparts in other businesses, and represent business-related interpersonal networks. Strong business ties provide the firm with access to new sources of information, and a network that can provide feedback on intelligence generated and disseminated to managers. Indeed, “ties with the business community provide opportunities for shared learning, the transfer of inside information, and resource exchange to adapt to the unfamiliar market” (Li and Zhou, 2010, p. 858). As a result, business ties act as information quality enhancing resources, platforms that allow firms to test the quality and veracity of the information that their export market generation and dissemination processes are feeding to management. Firms’ networks of business ties are also rich and unique sources of scarce and high-quality intelligence in their own right. Business ties, therefore, enhance learning, and increase the likelihood that export
market intelligence generation and dissemination will result in useful export market responses. Furthermore, the speed at which information is acquired and disseminated to managers via firms’ business ties tends to be faster than information acquired through formal channels (Davies et al., 1995). By having and disseminating critical market intelligence earlier and quicker, firms can better react to the challenges posed by competitors and establish more desirable competitive positions in their markets (Johanson and Mattsson, 1988; Geletkanycz and Hambrick, 1997). Accordingly:

**H3.** Export market intelligence generation’s positive relationship with responsiveness becomes stronger the greater the business ties managers have in their foreign markets.

**H4.** Export market intelligence dissemination’s positive relationship with responsiveness becomes stronger the greater the business ties managers have in their foreign markets.

**EMO intelligence generation, dissemination, political ties and EMO intelligence responsiveness.** Similar to business ties, political ties are the executives’ boundary spanning activities and interactions with government officials in an export market. Political ties provide a route by which foreign firms can immerse themselves in the market, and “enhance their legitimacy, in that ties enable foreign firms to be perceived as more ‘desirable, proper, or appropriate’ entities within the system of norms and beliefs that define business conduct[…]” (Li et al., 2008, p. 385). Political ties are used to build favor and support from public authorities, and in return, firms with political ties find that their activities are shaped by political inputs from their political network. Indeed, in some markets, it is not uncommon for foreign firms to have high-level managers whose core responsibility is developing ties with the host government. Invariably, then, businesses that build strong political ties are more likely to face decision dilemmas: does the firm implement market responses (i.e. make decisions) that are entirely grounded in market-based knowledge (export market intelligence), or should decision direction be influenced by political concerns, and consideration of the longer-term benefits accruing to businesses that develop strong relationships with potentially powerful government officials. Such ties can also act as buffers or protections against environmental challenges.

Thus, although EMO intelligence generation and dissemination is likely to drive EMO responsiveness, the relationship between EMO intelligence generation and dissemination and responsiveness might be dampened by a firm’s extent of political ties. This is mainly because the information and intelligence received from a firm’s political ties are likely to carry more weight than that received from a firm’s generation and dissemination activities, as the information and resources provided by political ties is often rare and difficult to obtain through a firm’s own generation and dissemination activities. The market intelligence often associated with political ties includes current and upcoming regulations and restrictions (import and export), critical procedures of government certification, interpretation of local jurisdictions, industry trends and competition (Acquaah, 2007; Davies et al., 1995). This vital information is critical to the implementation of responsiveness and is often made available only to key members of the political network. Due to its closeness to government decision makers, firms are likely to place more value on this information source and make decisions more closely linked to the agendas suggested by their
political networks than to other sources, such as EMO intelligence generation and dissemination. Therefore, in a situation with close political ties, the information and intelligence provided by EMO generation and dissemination procedures is less likely to contribute to a firm’s responsiveness function. Accordingly:

H5. Export market intelligence generation’s positive relationship with responsiveness becomes weaker the greater the political ties managers have in their foreign markets.

H6. Export market intelligence dissemination’s positive relationship with responsiveness becomes weaker the greater the political ties managers have in their foreign markets.

EMO responsiveness and strategic performance. Prior research reports a significant relationship between EMO intelligence responsiveness and export performance. This relationship is reported in several recent empirical studies. In their study of firms operating in China, Murray et al. (2007) report that EMO intelligence responsiveness has a positive effect on both financial performance and satisfaction with the export venture. Export intelligence responsiveness helps to formulate the design and implementation of all responses to the generated and disseminated intelligence. As these responses are directed toward export customers, competitors or environmental changes affecting the firm’s international operation, firms adopting a higher degree of responsiveness are likely to achieve their strategic objectives (e.g. satisfaction with export venture) in the host markets.

Rose and Shoham (2002) also reach a similar conclusion. Their study reports that intelligence responsiveness is also positively associated with both financial (sales and profit) and objectives that are more strategic oriented (changes in sales and profit). Likewise Racela et al. (2007) suggest that firms adopting a higher degree of export marketing orientation (e.g. responsiveness) are likely to achieve a higher degree of relationship with its suppliers and distributors. A strong relationship with host markets’ intermediaries is important for the achievement of the firm’s objectives in the host markets.

Together these studies have proposed a positive and significant relationship between EMO intelligence responsiveness and strategic performance:

H7. EMO intelligence responsiveness is positively related to strategic performance.

Research methodology

Data collection
This research utilizes a mail survey method to collect its primary research data. The primary research was conducted in New Zealand. The study focussed on New Zealand-based firms that export to the European Union (EU) region. The sampling frame was formed mainly from Kompass New Zealand. Most of the key New Zealand firms exporting to the EU region were listed in the database. After a number of efforts and inquiries, a total of 380 exporting firms were included in the sampling frame. This chosen sampling frame is similar to that has been reported in prior research (Dean et al. (2000), n = 260; Cadogan et al. (2001), n = 415). The survey questionnaire was completed by the export marketing managers who are in charge of their firms’ exporting operation in the EU region or the highest ranking staff member (e.g. CEO).
Respondents were all knowledgeable of export matters in the EU region. They all hold key managerial decision-making positions and are responsible for their operation in the EU region. They travel frequently to their operations in the EU markets and are in charge of the formulation and implementation of export strategic activities such as EMO orientation in their firms. Respondents were asked to reply the questionnaire relating to their exporting operations in their EU host markets and their most important products.

In this study we have adopted the practice as reported in well cited exporting literature (Cavusgil and Zou, 1994; Chung, 2003) and have measured our export performance and managerial ties at the level of a single export venture (i.e. the “product-market” approach, Cavusgil and Zou, 1994). This adoption is mainly to provide a clear and constructive guidance for the research respondents when responding to the survey initiated. Although these measurements are widely adopted in exporting literature, recent research has reported that there might be a mismatch in the level of the theory and the level of the data of these practices (Oliveira et al., 2012; Sousa et al., 2008). This weakness will be addressed in the research limitation and directions for future research section.

In total, 100 firms returned the questionnaire, which is a 26 percent response rate. This response rate is lower than prior research that has also focussed the effect of managerial ties (31 percent, Li et al., 2009). This lower response rate might be related to the frequency of the surveys that exporting firms have received in New Zealand. Due to the smaller number of exporting firms, New Zealand exporters tend to receive a higher number of survey requests from academic researchers and are less likely to respond all survey requests. Prior research conducted in New Zealand has reported a lower response rate, compared to studies conducted in other region (Dean et al., 2000, \( n = 96 \) firms; Chung et al., 2012, \( n = 121 \) firms). The current study adopted the wave response technique as recommended by Armstrong and Overton (1977) to measure non-response bias. No significant difference between early and late responses exists on key variables (EMO, managerial ties and strategic performance), thus one can conclude that this study does not suffer from a non-response bias issue.

Research measurements

The measurement adopted in this study is from the practice of prior research (e.g. Cavusgil and Zou, 1994; Styles, 1998; Cadogan et al., 1999, 2002; Li et al., 2009). The key construct variables included in the framework are reported and listed in Table I.

The three dimensions of EMO (intelligence generation, dissemination and responsiveness) were measured on a seven-point scale (1 = strongly disagree; 7 = strongly agree) (Cadogan et al., 1999, 2002; Racela et al., 2007). Details concerning these three components are listed in Table I. As outlined, EMO intelligence generation includes information relating to trends, export environment and customers. Export intelligence dissemination includes sharing of export market intelligence that is related to competitors and customers. Export intelligence responsiveness includes activities like responses to programs targeted at firm’s customers, changes to prices and the export environment and competitive actions that might threaten a firm’s export operation.

The measurement for business and political managerial ties is based on the suggestions of studies focussing on the effects of managerial ties (Peng and Luo, 2000; Park and Luo, 2001; Luo et al., 2008; Li et al., 2009). Business managerial ties are decided by export managers’ ties with managers at buyer, supplier, distributor,
### Key research constructs

**EMO intelligence generation** \( (\alpha = 0.905; \text{percentage of variance explained} = 78) (1 = \text{strong disagree}; 7 = \text{strongly agree}) \)

1. We generate a lot of information concerning trends (e.g. regulation, technological developments, political, economy) in our export markets
2. We periodically review the likely effect of changes in our export environment (e.g. technology, regulation)
3. We generate a lot of information in order to understand the forces which influence our overseas customers’ needs and preferences
4. We measure export customer satisfaction systematically and regularly

**EMO intelligence dissemination** \( (\alpha = 0.883; \text{percentage of variance explained} = 68) (1 = \text{strong disagree}; 7 = \text{strongly agree}) \)

1. Too much information concerning our export competitors is discarded before it reaches decision makers (\( R \))
2. Information which can influence the way we serve our export customers takes forever to reach export personnel (\( R \))
3. Important information about our export customers is often lost in the system (\( R \))
4. Information about our export competitors’ activities often reaches relevant personnel too late to be of any use (\( R \))
5. Important information concerning export market trends is often discarded as it makes its way along the communication chain (\( R \))

**EMO responsiveness** \( (\alpha = 0.908; \text{percentage of variance explained} = 78) (1 = \text{strong disagree}; 7 = \text{strongly agree}) \)

1. If a competitor launches a program targeted at our foreign customers we will react immediately
2. We are quick to respond to significant changes in our competitors’ price structures in foreign markets
3. We are quick to respond to important changes in our export business environment (e.g. regulation, technology, economy)
4. We rapidly respond to competitive actions that threaten us in our export markets

**Business managerial ties** \( (\alpha = 0.865; \text{percentage of variance explained} = 65) (1 = \text{very little}; 7 = \text{very extensive}) \)

1. To what extent do you utilize personal ties, networks and connections with managers at buyer firms
2. To what extent do you utilize personal ties, networks and connections with managers at supplier firms
3. To what extent do you utilize personal ties, networks and connections with managers at distributor firms
4. To what extent do you utilize personal ties, networks and connections with managers at competitors firms
5. To what extent do you utilize personal ties, networks and connections with managers at other key firms in the industry

**Political managerial ties** \( (\alpha = 0.839; \text{percentage of variance explained} = 75) (1 = \text{very little}; 7 = \text{very extensive}) \)

1. To what extent do you utilize personal ties, networks and connections with political leaders in various levels in government
2. To what extent do you utilize personal ties, networks and connections with officials in various bureaus
3. To what extent do you utilize personal ties, networks and connections with officials in regulatory and supporting organizations

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Table I. Research measurements
**Key research constructs**

*Market turbulence* ($\alpha = 0.736$; percentage of variance explained = 65) ($1 = $strong disagree$; 7 = $strongly agree$)

1. In our business, customers' preferences change quite a bit over time
2. Our customers tend to look for new products all the time
3. New customers have needs that are different from those of our existing customers

*Technological turbulence* ($\alpha = 0.894$; percentage of variance explained = 82) ($1 = $strong disagree$; 7 = $strongly agree$)

1. The technology behind the development of our products changes rapidly
2. Technological changes provide big opportunities in our industry
3. A large number of new product ideas have been made possible through technological breakthroughs in our industry

*Competitive intensity* ($\alpha = 0.773$; percentage of variance explained = 60) ($1 = $strong disagree$; 7 = $strongly agree$)

1. Competition in our industry is cutthroat
2. Anything that one competitor can offer, others can match easily
3. Price competition is a hallmark of our industry
4. One hears of a new competitive move almost every day

*Strategic performance* ($\alpha = 0.918$; percentage of variance explained = 76) ($1 = $not achieved at all$; 7 = $completely achieved$)

1. Gain foothold in the market
2. Increase product/firm awareness
3. Increase brand awareness
4. Respond to competitive pressure
5. Expand strategically to other markets

**Note:** $R$, reverse coded
are estimated by a seven-point scale (1 = strongly disagree; 7 = strongly agree) (Jaworski and Kohli, 1993).

**Analysis methods**

This study adopts factor analysis, correlation and hierarchical regression analysis as its main statistical analysis methods (Rose and Shoham, 2002; Hair et al., 2010). As reported in Table I, the items used to measure each construct of the framework all demonstrate a high extent of reliability and validity (factor ladings > 0.8; Cronbach’s α > 0.7; percentage of variance explained exceeds 60 percent) (Rose and Shoham, 2002; Hair et al., 2010).

The correlation coefficient matrix is listed in Table II. As shown the highest coefficient is < 0.5, concluding that this research does not have a multicollinearity issue (Hair et al., 2010).

The hierarchical regression analysis method is an ideal analysis method for research containing both main effect and an interaction terms (Baron and Kenny, 1986). This method allows researchers to explore if the interaction effect model performs better than the model only consisting of the main effect term (Hair et al., 2010). The hierarchical regression analysis results are listed in Table III. As reported earlier, in the first regression analysis, the dependent variable is EMO responsiveness. The first model contains the main effect only, while the second model consists of both the main effect and the interaction effect. Based on the guidance of prior research, it is concluded that the main and interaction effect models out-perform the main effect only model (significant change of $R^2$ value) (Hair et al., 2010). In light of this result, it was decided that the second model (main effect + interaction effect) is adopted in this round of analysis. In the second round of regression analysis, the dependent variable is strategic performance while the independent variable is intelligence responsiveness. In this analysis only the main effect is explored (Table III). Details concerning these two analyses are explained and analyzed below. The research hypotheses confirmation results are listed in Table IV.

**Research results**

On average the size of respondent firms is 253 employees. Prior research has classified firms with this size as medium-sized firms (Coviello and Martin, 1999). The average year in international business of the respondents is about 19 years and the year exporting to the host markets is around 11 years. The host markets in the EU region include Denmark, Finland, France, Germany, Greece, Ireland, Italy, Portugal, Spain, Sweden, Switzerland, the Netherlands and the UK. The respondent firms operate in a number of industrial sectors, including agricultural, apparel, education, engineering, food and beverage, equipment, machinery, computer and electronics.

It is found that EMO intelligence generation and dissemination have a positive impact on responsiveness; thus supporting $H1$ and $H2$. It is revealed that the interaction of EMO intelligence generation and business ties has a positive impact on responsiveness (Table III). Firms are more likely to have a higher extent of responsiveness when employing intelligence generation and business ties together. This outcome suggests that $H3$ is supported. It is revealed, however, that the alignment between EMO intelligence dissemination and political ties has a negative effect on responsiveness. This result indicates that $H6$ is also supported. $H4$ and $H5$ are not supported as the interactions between intelligence dissemination and business ties and intelligence generation and political ties have no significant effect on
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<td>0.112</td>
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<td>0.049</td>
<td>0.029</td>
<td>0.153</td>
<td>1.000</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Competitor intensity (H)</td>
<td>0.156</td>
<td>0.017</td>
<td>0.066</td>
<td>0.125</td>
<td>0.084</td>
<td>0.321</td>
<td>0.048</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Firm size (I)</td>
<td>0.183</td>
<td>−0.129</td>
<td>0.035</td>
<td>0.071</td>
<td>0.142</td>
<td>0.058</td>
<td>−0.009</td>
<td>−0.018</td>
<td>1.000</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Years in international business (J)</td>
<td>0.186</td>
<td>0.127</td>
<td>0.205</td>
<td>0.031</td>
<td>0.049</td>
<td>−0.119</td>
<td>−0.095</td>
<td>0.003</td>
<td>0.383</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Number of countries operating (K)</td>
<td>0.121</td>
<td>−0.088</td>
<td>0.079</td>
<td>0.001</td>
<td>−0.019</td>
<td>−0.080</td>
<td>−0.012</td>
<td>−0.055</td>
<td>0.365</td>
<td>0.341</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMO generation × business ties (L)</td>
<td>−0.011</td>
<td>0.065</td>
<td>0.066</td>
<td>−0.085</td>
<td>−0.024</td>
<td>−0.031</td>
<td>0.051</td>
<td>−0.069</td>
<td>−0.047</td>
<td>−0.016</td>
<td>0.042</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMO dissemination × business ties (M)</td>
<td>0.078</td>
<td>0.085</td>
<td>0.002</td>
<td>0.131</td>
<td>0.007</td>
<td>0.066</td>
<td>0.127</td>
<td>0.079</td>
<td>0.109</td>
<td>0.036</td>
<td>0.028</td>
<td>0.219</td>
<td>1.000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EMO generation × political ties (N)</td>
<td>−0.175</td>
<td>−0.004</td>
<td>0.114</td>
<td>−0.056</td>
<td>0.123</td>
<td>−0.104</td>
<td>−0.034</td>
<td>−0.031</td>
<td>−0.081</td>
<td>−0.098</td>
<td>−0.092</td>
<td>0.384</td>
<td>0.164</td>
<td>1.000</td>
<td></td>
</tr>
<tr>
<td>EMO dissemination × political ties (O)</td>
<td>−0.023</td>
<td>0.045</td>
<td>−0.154</td>
<td>−0.007</td>
<td>0.090</td>
<td>−0.074</td>
<td>0.115</td>
<td>−0.023</td>
<td>0.072</td>
<td>0.015</td>
<td>−0.039</td>
<td>0.180</td>
<td>0.475</td>
<td>0.249</td>
<td>1.000</td>
</tr>
<tr>
<td>Strategic performance (P)</td>
<td>0.251</td>
<td>0.221</td>
<td>0.271</td>
<td>0.163</td>
<td>0.051</td>
<td>−0.070</td>
<td>0.018</td>
<td>0.062</td>
<td>0.205</td>
<td>0.282</td>
<td>0.272</td>
<td>0.023</td>
<td>−0.059</td>
<td>−0.221</td>
<td>−0.041</td>
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</tbody>
</table>
### Table III. Intelligence generation, dissemination, managerial ties, responsiveness and strategic performance

<table>
<thead>
<tr>
<th></th>
<th>EMO responsiveness</th>
<th>Strategic Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Main effect – β-unstandardized</td>
<td>Main effect + interaction – β-standardized</td>
</tr>
<tr>
<td><strong>EMO generation</strong> (H1, S)</td>
<td>0.33*** (t = 2.851)</td>
<td>0.28** (t = 2.500)</td>
</tr>
<tr>
<td></td>
<td>0.34*** (t = 2.851)</td>
<td>1.252</td>
</tr>
<tr>
<td><strong>EMO dissemination</strong> (H2, S)</td>
<td>0.20** (t = 1.949)</td>
<td>0.21** (t = 2.073)</td>
</tr>
<tr>
<td></td>
<td>0.24** (t = 1.949)</td>
<td>1.298</td>
</tr>
<tr>
<td><strong>Business ties</strong></td>
<td>0.04 (t = 0.313)</td>
<td>0.06 (t = 0.467)</td>
</tr>
<tr>
<td><strong>Political ties</strong></td>
<td>-0.09 (-0.786)</td>
<td>-0.10 (-0.797)</td>
</tr>
<tr>
<td><strong>Market turbulence</strong></td>
<td>-0.03 (t = -0.226)</td>
<td>-0.10 (t = -0.790)</td>
</tr>
<tr>
<td><strong>Technology turbulence</strong></td>
<td>-0.02 (t = -0.212)</td>
<td>-0.02 (t = -0.212)</td>
</tr>
<tr>
<td><strong>Competitor intensity</strong></td>
<td>0.02 (t = 0.131)</td>
<td>0.02 (t = 0.122)</td>
</tr>
<tr>
<td><strong>Firm size</strong></td>
<td>0.00 (t = -1.171)</td>
<td>0.00 (t = -1.139)</td>
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<tr>
<td><strong>Years in international business</strong></td>
<td>0.01 (t = 0.629)</td>
<td>0.00 (t = 0.454)</td>
</tr>
<tr>
<td><strong>Number of countries operating</strong></td>
<td>0.01 (t = 1.107)</td>
<td>0.14 (t = 1.107)</td>
</tr>
<tr>
<td><strong>EMO generation × business ties (H3, S)</strong></td>
<td>0.22** (t = 1.711)</td>
<td>0.22** (t = 1.711)</td>
</tr>
<tr>
<td><strong>EMO dissemination × business ties (H4, NS)</strong></td>
<td>0.11 (t = 0.816)</td>
<td>0.12 (t = 0.816)</td>
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</table>

(continued)
<table>
<thead>
<tr>
<th>EMO responsiveness</th>
<th>Strategic Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main effect</strong></td>
<td><strong>Main effect</strong></td>
</tr>
<tr>
<td>β-unstandardized</td>
<td>β-standardized</td>
</tr>
<tr>
<td><strong>interaction</strong></td>
<td>VIF</td>
</tr>
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</table>

EMO generation × political ties (H5, NS)

EMO dissemination × political ties (H6, S)

<table>
<thead>
<tr>
<th>EMO generation × political ties (H5, NS)</th>
<th>EMO dissemination × political ties (H6, S)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>F value</strong></td>
<td><strong>F value</strong></td>
</tr>
<tr>
<td>2.57</td>
<td>2.57</td>
</tr>
<tr>
<td>2.57</td>
<td>2.57</td>
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<tr>
<td>2.56</td>
<td>2.56</td>
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<tr>
<td>2.56</td>
<td>2.56</td>
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<tr>
<td>1.906</td>
<td>1.906</td>
</tr>
</tbody>
</table>

**F significance**

<table>
<thead>
<tr>
<th>EMO generation × political ties (H5, NS)</th>
<th>EMO dissemination × political ties (H6, S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>F</td>
<td>F</td>
</tr>
<tr>
<td>p &lt; 0.05</td>
<td>p &lt; 0.05</td>
</tr>
<tr>
<td>p &lt; 0.01</td>
<td>p &lt; 0.01</td>
</tr>
<tr>
<td>p &lt; 0.01</td>
<td>p &lt; 0.01</td>
</tr>
</tbody>
</table>

**R² value**

<table>
<thead>
<tr>
<th>EMO generation × political ties (H5, NS)</th>
<th>EMO dissemination × political ties (H6, S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>R²</td>
<td>R²</td>
</tr>
<tr>
<td>0.29</td>
<td>0.29</td>
</tr>
<tr>
<td>0.29</td>
<td>0.29</td>
</tr>
<tr>
<td>0.38</td>
<td>0.38</td>
</tr>
<tr>
<td>0.38</td>
<td>0.38</td>
</tr>
<tr>
<td>0.15</td>
<td>0.15</td>
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</table>

**R² change**

<table>
<thead>
<tr>
<th>EMO generation × political ties (H5, NS)</th>
<th>EMO dissemination × political ties (H6, S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ΔR²</td>
<td>ΔR²</td>
</tr>
<tr>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>0.09</td>
<td>0.09</td>
</tr>
</tbody>
</table>

**Significance F change**

<table>
<thead>
<tr>
<th>EMO generation × political ties (H5, NS)</th>
<th>EMO dissemination × political ties (H6, S)</th>
</tr>
</thead>
<tbody>
<tr>
<td>F change</td>
<td>F change</td>
</tr>
<tr>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>p &lt; 0.1</td>
<td>p &lt; 0.1</td>
</tr>
</tbody>
</table>

**Notes:** S, supported; ns, not supported. *VIF, 1.00, *p < 0.1; **p < 0.05; ***p < 0.01
responsiveness. However, the direction of intelligence dissemination and business ties is positive and the direction of intelligence generation and political ties is negative. Though non-significant, both outcomes are consistent with the original proposal.

$H7$ is supported as responsiveness is revealed to have a significant and positive effect on strategic performance. This outcome indicates that a higher extent of responsiveness is likely to lead to a higher degree of strategic performance achievement.

### Conclusions

The main objective of this research is to examine the role of managerial ties in the relation between EMO and strategic performance. It is also designed to explore whether intelligence generation and dissemination has a direct effect on responsiveness and whether responsiveness has an impact on strategic performance. The results of this study reveal a significant number of new results concerning the coalition between EMO and business and political managerial ties, their joint effect in the EMO-strategic business performance framework, and new directions regarding the relationship among intelligence generation/dissemination, responsiveness and strategic performance. The outcomes of this study have implications for export marketing managers and researchers intending to uncover the important relationships among EMO, managerial ties and performance.

First, the findings of the study have extended the existing research scope relating to EMO and performance (Cadogan et al., 1999, 2002; Racela et al., 2007). In this research, we reveal that EMO intelligence generation and dissemination have a direct and significant impact on responsiveness and responsiveness has a direct effect on strategic performance. These new results significantly extend existing research in two aspects. One, the outcomes of this study successfully expand the research scope concerning the functions of the three EMO components in the EMO-performance framework (Murray et al., 2007; Rose and Shoham, 2002). In this study we reveal that the impact of EMO intelligence generation and dissemination is likely to have an indirect impact on strategic performance. Their impact on strategic performance is via responsiveness. This is in line with that reported in the literature; the information collected in the generation and dissemination process would become evident only when it is properly implemented and actioned (Cadogan et al., 2002; Kwon and Hu, 2000).

### Table IV.
Summary of research hypotheses and findings

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Description</th>
<th>Findings</th>
<th>Confirmation results</th>
</tr>
</thead>
<tbody>
<tr>
<td>$H1$</td>
<td>EMO generation → EMO responsiveness (+)</td>
<td>Significant</td>
<td>Supported</td>
</tr>
<tr>
<td>$H2$</td>
<td>EMO dissemination → EMO responsiveness (+)</td>
<td>Significant</td>
<td>Supported</td>
</tr>
<tr>
<td>$H3$</td>
<td>EMO generation × business ties → EMO responsiveness (+)</td>
<td>Significant</td>
<td>Supported</td>
</tr>
<tr>
<td>$H4$</td>
<td>EMO dissemination × business ties → EMO responsiveness (+)</td>
<td>Not significant</td>
<td>Not supported</td>
</tr>
<tr>
<td>$H5$</td>
<td>EMO generation × political ties → EMO responsiveness (−)</td>
<td>Not significant</td>
<td>Not supported</td>
</tr>
<tr>
<td>$H6$</td>
<td>EMO dissemination × political ties → EMO responsiveness (−)</td>
<td>Significant</td>
<td>Supported</td>
</tr>
<tr>
<td>$H7$</td>
<td>EMO responsiveness → strategic performance (+)</td>
<td>Significant</td>
<td>Supported</td>
</tr>
</tbody>
</table>
This new result extends existing EMO literature by suggesting a new antecedent and outcome relationship in the intelligence generation/dissemination-responsiveness-performance framework. This finding adds an important new insight to extant literature as prior research either groups the three EMO components together as one general construct or treats them as the three individual factors in the EMO-performance investigation (Cadogan et al., 2001, 2009; Murray et al., 2007).

Second, EMO is now shown to predict strategic performance in export ventures. This finding adds new insights to the research that has already identified the effect of EMO on financial performance objectives such as sales growth and profitability (Kwon and Hu, 2000; Cadogan et al., 2003; Racela et al., 2007). Due to the importance of strategic performance in export marketing management (Cavusgil and Zou, 1994; Styles, 1998; Zou and Cavusgil, 2002), this new result sheds some new research directions concerning research on strategic performance and export ventures (Cadogan et al., 1999). These will be discussed in the following implication section.

Third, the findings of the study broaden the existing research which looks at the various moderators of the relationship between EMO and export performance (Cadogan et al., 2002, 2003, 2009; Racela et al., 2007). In this research, we reveal that business ties can enhance the relationship between intelligence generation and responsiveness. By revealing this new result, this research depicts a new moderation factor in the EMO-performance framework. In addition to the technological and competitive intensity factors that are already reported in the literature (Cadogan et al., 2003), it is now confirmed that the moderation factors can also be extended to include business ties. Future research should consider this new moderation finding in their research design.

The new moderation role of business ties in the EMO-performance dyad might also add a new insight to the research that has focused on uncovering the functions of business ties. In addition to its existing role in facilitating the impact of EMO on performance (Chung, 2011), competitive strategy on performance (Li et al., 2009), strategic orientation on performance (Acquaah, 2007) and customer orientation's effect on trust/commitment and performance (Luo et al., 2008), the new function of business ties in the EMO intelligence generation-responsiveness framework is now revealed. Thus, the function of business ties in strategic management and marketing has been drastically expanded.

Fourth, the results of this study confirm that political ties are likely to dampen the relationship between EMO intelligence dissemination and responsiveness. This result is consistent with prior research that already reveals the down side of political ties (Tsang, 1998; Park and Luo, 2001; Gu et al., 2008; Li et al., 2009). This finding is important as the new role of political ties is revealed. In addition to its effect in competitive strategies (Li et al., 2009), channel management and marketing orientation (Gu et al., 2008; Luo et al., 2008), the impact of political ties is now confirmed in research concerning EMO. Several reasons might have attributed to the negative effect including large time, efforts and resources commitment (Tsang, 1998; Luo et al., 2008). This finding adds a new insight to existing research that is devoted to uncovering the moderation role of factors in the EMO-performance paradigm. In addition to existing moderating factors that is reported above (e.g. competitive intensity, technological changes and market turbulence) (Cadogan et al., 2001, 2002, 2003), the political ties factor needs to be considered in the EMO-performance framework as a potential moderator. The new function of political ties may also offer some new
research directions to the literature that mainly reports a positive effect of political social networking (Johanson and Mattsson, 1988; Chetty and Holm, 2000).

**Research implications**

In this study we have examined the interactions of EMO, business and political ties and their alignment effect on strategic performance. The results have a number of implications for academic researchers and marketing managers. Details are discussed below.

First, intelligence generation and dissemination are both reported to have a positive impact on responsiveness and responsiveness has a direct effect on strategic performance. These new results have two research and managerial implications. One, in addition to exploring the separate effect of the three EMO components on performance, researchers and export managers also need to consider exploring the causal relationships between intelligence generation and dissemination and responsiveness. As outlined in this study, the effect of intelligence generation and dissemination on performance may be via responsiveness. Two, researchers and export managers also need to consider strategic as well as financial performance in their EMO-performance research conceptualization because both are revealed as possible outcomes of EMO behavior (Cadogan et al., 2002; Murray et al., 2007). As financial and strategic performance represent both financial outcome and competitive positioning of a firm's operation in the host markets (Zou and Cavusgil, 2002), future research and managers should explore the effect of EMO on both performance outcomes in their investigation and export strategies formulation.

Second, as reported in this study it is revealed that business ties have a positive effect on the relationship between EMO generation and responsiveness. The findings established have theoretical implications for future research. The results established broaden the existing EMO research theories to include the social managerial ties theory (Peng and Luo, 2000; Cadogan et al., 1999, 2002; Racela et al., 2007; Li et al., 2009). As this theory is not considered in existing EMO research, future studies are suggested to incorporate managerial ties theory in their EMO-performance investigation (Cadogan et al., 1999, 2002). Besides the traditional moderation factors (technological and competitive intensity), it is now confirmed that business ties can also act as a moderator of the EMO-performance relationship. In light of this study's findings, research concerning the functions of managerial ties also needs to consider incorporating the element of EMO in their research framework formulation (e.g. Peng and Luo, 2000; Park and Luo, 2001; Li et al., 2009). This inclusion would have made research regarding managerial ties more complete.

This outcome may also offer some implications for export marketing managers who intend to use their EMO intelligence generation to stimulate their responsiveness activity and strategic performance. The results of this study suggest that managers utilize their business ties to help formulate their EMO intelligence generation as this combination can lead to a higher responsiveness and subsequently their strategic performance achievement.

Third, this research may also provide guidance on the combinations between EMO dissemination and political social ties. It is revealed that political ties have a negative effect in the relationship between EMO intelligence dissemination and responsiveness. This new result has some theoretical and managerial implications. Similar to that reported above, research focussing on the effect of EMO also needs to consider the effect of political ties in their EMO-performance inquiry. As prior research does not
explore the functions of political ties in the EMO context (Cadogan et al., 2003; Racela et al., 2007), future research is recommended to consider this factor in their examinations of EMO behavior and performance. The effect of political ties is particularly significant with EMO intelligence dissemination and responsiveness.

Similarly export marketing managers can also benefit from this new result. As political ties has a negative influence on their implementation of EMO components, managers need to be aware of this, and perhaps learn to compensate for the biasing effect of political pressure on responsiveness.

**Research limitations**

Though this study establishes a number of new insights, it also contains several research limitations. First, due to its pioneering approach, this study only explores one dimension of export performance (Styles, 1998). However, there are many aspects of export performance explored in the literature, and future research can consider extending the findings established in this study to other export performance measurements such as export sales and profit performance (Lages et al., 2008). This extension can significantly enhance the function of the interaction of EMO and social networking in the export performance investigation and the generalizability of the findings created in this study.

Second, compared to other relevant studies (Cadogan et al., 2001), the sample size included in this study is also rather small. Though in this study we utilize several techniques to boost our response rate, including follow-up communications and offering an incentive to respondents (in the form of a research summary), this study has only managed to acquire help from 100 companies. A larger sample size might help improve the validity of the results established (Hair et al., 2010). This limitation also requires attention from future research.

Lastly, this study focusses on the most important product in exporting firms’ most important host market as its unit of analysis (i.e. the product-market venture; Cavusgil and Zou, 1994; Chung, 2003). This approach appears to have two weaknesses. One, it is possible that the performance of an export venture may not represent the entire firms’ export performance given the fact the firms under study may have more than one export venture (Oliveira et al., 2012). Therefore researchers and managers need to be cautious of this limitation before considering the findings established in this study. This issue is further compounded by the fact that the managerial ties theory is often established at the firm level (Geletkanycz and Hambrick, 1997; Li et al., 2009). Therefore, it is possible that the level of theory development and level of data collection might be mis-matched (Sousa et al., 2008). This issue may also hinder the validity of the outcomes proposed in this study. Thus, future research needs to re-examine the framework proposed in this study and verify its findings using the data collected at the “export function” level (i.e. the overall export entity) (Oliveira et al., 2012).

**References**


**About the author**

Henry F.L. Chung (PhD, University of Waikato, New Zealand) is Senior Lecturer in Marketing at Massey University Albany campus. His main research interests include managerial ties and guanxi networking, international marketing-decision making governance, international standardisation strategies, immigrant effects, export marketing orientation, market entry, and cross-cultural management. He has published in journals such as *International Marketing Review, European Journal of Marketing, Industrial Marketing Management, Journal of International Marketing, Asia Pacific Journal of Management, International Business Review*, and others. Henry F.L. Chung can be contacted at: h.chung@massey.ac.nz

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