

Does Export Market Orientation (EMO) affect Export Customer Dynamism (ECD)? An insight into Pakistan Entrepreneurial Perspective

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Abstract

For firms where entrepreneurial mindsets of enterprise owners, struggling to gain market shares, are interested in gaining insight in to the export activities and segmenting their export market customers preferences by focusing on generation, dissemination and becoming responsive to export (EMO) and similarly they are reluctant to engage in identifying the degree of change, diversity in export customers' need preferences (ECD) in export markets. This paper focuses on identifying the effect of export market orientation (EMO) and export customer dynamism (ECD) in the Pakistan's entrepreneurial context. The sampling units comprised of sample size (n-238) that was selected through proportionate allocation sampling method and simple correlation and regression tests were run to find out the relation and the effect of predictors on response variables. The study revealed that export intelligence dissemination and responsiveness were having significantly positive correlation with the export customer dynamism and the export intelligence generation, significantly negatively affect export customer dynamism. Enterprise owners were inclined towards market orientation while understanding customer dynamism in Pakistan's entrepreneurship enabling environment.

Keywords: Export customer dynamism, export market orientation, export intelligence dissemination.

Introduction

Export entrepreneurship and entrepreneurial activities are helpful in a country economy growth and development. Entrepreneurial activities are helpful in expanding economic activities, sharing information and improving competitive edge over the rival firms (Hessels 2007).

Exporting, a process of selling goods and services across the borders plays a vital role in adding to the foreign reserves and enhancing the export abilities of a country along with improving many other factors such as entrepreneurial activities at national level, achieving production targets and providing job opportunities to the unemployed (Hessels &

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Van Stel 2011).

Despite the fact that enterprise and entrepreneurial activities are focused in literature reviews, specific literature about the export entrepreneurship (EE) is limited (Hessels & van Stel et al) The area of enterprise and its export activities is vast and the review of literature is deficient in terms of relevant research related spaces, theoretical and conceptual models and conflicting outcomes made it more vulnerable (Keupp, Gassman 2009).

Export-oriented new ventures and international entrepreneurship field receive considerable attention from scholars in the last decade (Oviatt & McDougall 2005). But still the very contingent function of the entrepreneurial firms in the entrepreneurs export oriented behavior requires much more clarifications (Oviatt& McDougall 2005). As the area of export oriented behavior requires thorough observations in order to explore its latent constructs.

Predicting export performance is an important issue to export researchers and managers (Morgan, Kaleka, and Katsikeas 2004). Recent reviews of the literature reveal that different internal firm specific and external export environment factors drive export performance (Sousa, Martínez-López and Coelho 2008).

The EMO pattern may not exactly deliver the desired output in the case where the dynamic customer may have stable needs preferences as in such a situation the minor changes in marketing strategies may work well to fulfill needs of the customers (Siguaw 2002). In a consistently changing business context the firms may have tendency to diversify their offerings in the potential export markets and export customers needs and wants.

Morgan, Kaleka, and Katsikeas (2004) argue that the abilities and assets that are available for export entrepreneurship help them to establish a competitive edge as per the requirement of the export markets and the intensity of the competition of the rival firms that also boost export performance. Moreover Zhou, Yim, and Tse (2005) assert that the export enterprise marketing strategies are potential factors that help I improving their performance.

Research Question

1. *Does export market orientation affects export customer dynamism in Pakistan?*
2. *Is there any relation between export market orientation and export customer dynamism?*
3. *Are enterprises in Pakistan embracing export market orientation concept?*

Research Objectives

Research objectives help in achieving the main goals of undertaking the research study. They better be all-purpose and exact in nature (Al-Riyami 2008). The general objective of the research undertaken was to understand the affect of export market orientation on export customer dynamism in the local entrepreneurial context and to understand if the nationwide exporting firms are embracing the export market orientation concept and to investigate as to whether exporting firms are paying due attention to their customers in their prospective export markets.

Literature Review

Export market orientation (EMO) in clear words is use to define a firms orientation level in its export markets (Cadogan 2001). Specifically EMO consists of three basic concepts i.e. export intelligence generation, dissemination and responsive (Cadogan 1999). The Market intelligence is defined as identification of customers needs and desires with quick pace then its market rivals (Dodd 2005), intelligence dissemination if a process the whole organization and its organs need to respond to export market needs (Cambra 2012) and responsiveness is the phenomena in which the organizations responds to the situation based on its produced and disseminated market intelligence (Murray 2011). EMO specifically involved numerous activities and actions on the part of the enterprise or firm that may include but may not be limited to keep an eye on current and prospective markets trends, customers buying patterns and rival firms offerings in the enterprise' own export market along with many other factors, such as political and legal factors, that may affect the enterprise export performance.

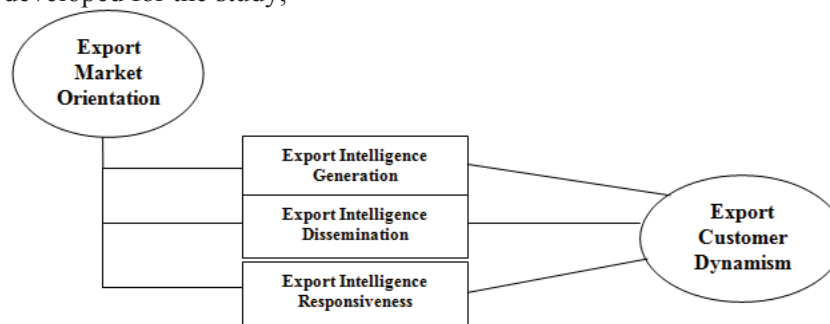
Some of the major antecedent factors include export marketing strategy (Hultman, Robson and Katsikeas 2009; Cavusgil and Zou 1994; Katsikeas, Leonidou and Morgan 2002), export strategy development (Bilkey and Tesar 1977), export resources and competitive advantage (Piercy, Kaleka and Katsikeas 1998), export market orientation (Cadogan, Diamantopoulos and Siguaw 2002), and firm-wide entrepreneurial orientation (Balabanis and Katsikea 2003; Robertson and Chetty 2000).

An important factor among the aforementioned exterior environmental uniqueness is in fact the dynamism that shows the level of entrepreneurial insecurity and the pace of transformation in a specific business sector (Miller & Friesen 1983). The degree of change in a business sector and in an industry means that customers would become more dynamic and the firms need to remain more aware of their customers' needs and preferences. That is the reason that a lot more

changes in the export market may depend upon the technological inventions and advancements and in export customers demands and their choices as well as the uncertain nature of the rival firms business offerings and their business strategies (Miller & Friesen 1982; Caruana et al. 2002). Such complex behaviors of the export market firms may pose serious threats and to the exporting firms but at the same time a diverse and dynamic export environment may help the exporting firms to explore new possibilities of doing business and may ultimately lead to future expansion of the export firms (Ruiz-Ortega 2013).

Theoretical Framework

On the base of above introduction, research questions, research objectives, and literature review, the following theoretical model was developed for the study;



H1: EI Generation has significant positive effect on customer dynamism.

H2: EI Dissemination has significant negative effect on customer dynamism.

H3: EI Responsiveness has significant positive effect on customer dynamism.

Quantitative Research Methodology

According to Leedy and Omrod (2001) quantitative research is specific in its surveying and experimentation, as it builds upon existing theories. The methodology of a quantitative research maintains the assumption of an empiricist paradigm (Creswell 2003). Gilbert (1992) classifies the knowledge generating process as; humanism and positivism. The humanism perspective is also known as qualitative method as it provides detailed descriptions of people, beliefs, attitudes, events and behaviors. The variables to deduce service quality of hotels and customer satisfaction are qualitative in nature and vary from respondent to respondent therefore, the research investigates qualitative data. The positivism, formally known as quantitative method, is to maximize the

facts with a minimal interpretation. Positivism is a kind of deductive approach and it asserts that it is possible to capture reality through the use of research instruments such as experiments and questionnaires (Blaxter, Hughes, & Tight, 2006; Green 2008). The researcher collected data on likert scale thereby attempted to quantify the responses and thus subjected to statistical techniques to obtain the findings. Hence, it is said that the research undertaken was in combination of both positivism and humanism.

Population

Sekaran (2007) defines research population as the ‘group of people, events, or things of interest that the researcher wishes to investigate’. In order to ensure the uniformity/ homogeneity of the population, the sample included only from the exporters of Sindh, Punjab and Khyber Pakhtunkhwa, Pakistan. The total population of male and female export entrepreneurs was found to be 589. The exporters were selected from the following profession

- a. Fruit and Vegetables
- b. Furniture
- c. Machine and Equipment
- d. Carpet/ Rugs
- e. Chemicals
- f. Rice/ Wheat
- g. Petroleum
- h. Vehicle and Spare parts etc

Table 1. List of Export Entrepreneurs

S #	City	Exporters
1	Multan	43
2	Karachi	59
3	Gujranwala	48
4	Lahore	120
5	Sukkar	34
6	Hyderabad	33
7	Quetta	59
8	Peshawar	69
9	Sialkot	46
10	Islamabad	54
11	Rawalpindi	24
	Total	589

Source: Trade Development Authority of Pakistan (2016)

Sample Size Determination

The sample size was determined with the help of formula of (Yamane 1967) for finite population. Following is the detail of formula and computation.

$$\text{Sample size} = n = N / 1 + N * (e)^2$$

N = Population

e = chances of error i.e. 5%

Population of Export Entrepreneurs

$$n = N / 1 + N * (e)^2 \quad n = 589 / 1 + 589 * (.05)^2 \quad n = 238$$

Total Sample

238

Data Collection

A self-administrative questionnaire was distributed amongst the export entrepreneurs of Sindh, Punjab, Balochistan and KPK, Pakistan. Before the administration of questionnaires to the target sample, a pilot study was conducted to ascertain the reliability of the constructs of the instrument. The objective of the pilot study was to ascertain, whether the questionnaire is easy to understand and respond by the respondents or otherwise. Initially fifty (50) questionnaires were distributed among export entrepreneurs of Pakistan. The responses received helped in improving the questionnaire in terms of sentence structure and phrasing of items, wherever needed. Few of the items were even removed from the questionnaires.

Reliability of Data

The reliability tests included the Cronbach's Alpha test with satisfactory results as the values were all above 0.70 that indicated reliability (Sekaran 2003).

Table 2. Reliability

Variables	Cronbach's Alpha	N of items
EI Generation	.763	3
EI Dissemination	.983	3
EI Responsiveness	.782	3
Customer Dynamism	.756	4

Data Analysis

Pearson's correlation coefficient test was run used to find out the relation between the predictors and the response variable. Following are the result of Pearson's *r* correlation.

Table 3. Correlation

Variables	1	2	3	4
Export Intelligence Generation	1			
Export Intelligence Dissemination	.602**	1		
Export Intelligence Responsiveness	.408**	.376**	1	
Export Customer Dynamism (ECD)	.786**	.491**	.663**	1

Dependent Variable: Export Market Orientation

* $p < .05$, ** $p < .01$

The Pearson Correlation was performed to identify the relationship amid predictors and response variable. The result of correlation amid the EI Generation ($r = .786$, $P < .01$), EI Dissemination ($r = .491$, $P < .01$), EI Responsiveness ($r = .663$, $P < .01$) and Export Customer Dynamism was significant positive relationship.

Regression Analysis

Multiple Linear Regressions between Predictors and Customer Dynamism

The research study used regression analysis in order to analyze the effect of independent variables on dependent variable. The regression model is as follow.

$$ECD = \alpha + \beta_1 EIG + \beta_2 EID + \beta_3 EIR + \varepsilon \dots \dots \dots (1)$$

Where

ECD = Customer Dynamism (Dependent Variable)

EIG = Export Intelligence Generation

EID = Export Intelligence Dissemination

EIR = Export Intelligence Responsiveness

ε = error

Table 4. Affect of Export Market Orientation on Export Customer Dynamism

Model	Unstand Coefficients		Stand Coeff		
	B	Std. Error	Beta	t	Sig.
(Constant)	.251	.030		8.365	.000
EI Generation	.117	.021	.152	5.683	.000
EI Dissemination	-.268	.022	-.282	-12.151	.000
EI Responsiveness	.608	.036	.557	17.115	.000
R Square = .762, F = 920,					
P = .000					
D.V: Customer Dynamism					

The coefficient of determination “ R^2 ” is found .762 that shows that 76.2% of variation in export customer dynamism is explained by EI generation, dissemination, responsiveness,. The F value is 920 and the significance value is less than $P \leq 0.05$ that shows that over all regressions model is statistically significant, valid and fit.

Regression coefficient (β_1) = .152 that implies that one percent increase in EI Generation will increases 15.2% in customer dynamism if other variables are kept controlled. The T value is 5.68 and is significant at .000. It implies that the alternate hypothesis should be accepted that is: EI Generation has significant positive effect on export customer dynamism.

Regression coefficient (β_2) = -.282 shows that one percent increase in EI Dissemination will decreases 28.2% in customer dynamism if other variables are kept controlled. The T value is -12.15 and is significant at .000. It confirms that alternate hypothesis should be accepted that is EI Dissemination has significant negative effect on export customer dynamism.

Regression coefficient (β_3) = .557 shows that one percent increase in EI Responsiveness will increase 55.7% in customer dynamism if other variables are kept controlled. The T value is 17.11 and is significant at .000. It confirms that alternate hypothesis should be accepted that is: EI Responsiveness has significant positive effect on export customer dynamism.

Table 5. Hypothesis Results

Hypothesis	Sig.	Results
H1 EI Generation has significant positive effect on export customer dynamism.	0.000	Accepted
H2 EI Dissemination has significant negative effect on export customer dynamism.	0.000	Accepted
H3 EI Responsiveness has significant positive effect on export customer dynamism.	0.000	Accepted

Discussion

The research questions established before undertaking the research were answered after the data analysis were done. Furthermore the objectives of the research study were also achieved with details to follow. The export markets market orientation was affecting the export customer dynamism as the hypothesis established was accepted and a significant positive correlation was found between the Export Market Orientation (EMO) and Export Customer Orientation (ECD). The enterprises in Pakistan are following the standards of gaining insight into the export market customers needs and preferences along with their demands and so

they are actively engaging in export intelligence, generation, dissemination and even they are responsive to the external environment and export market needs.

Findings

Export entrepreneurs associated with the business of fruit and vegetables, furniture, machine and equipment, carpets/rugs/textile, chemicals, rice/wheat, petroleum and vehicle/spare parts were found 42, 8, 13, 84, 38, 36, 9 and 8 respectively. Inter-item reliability coefficient i.e. Cronbach's alpha reliability statistics value of shows accurate reliability of measurement instrument. The result of correlation amid export intelligence generation, export intelligence dissemination, export intelligence responsiveness, and export customer dynamism shows significant positive relationship with each other. The assumption for regression analysis was checked and found a) data was normally distributed, b) there exists homoscedasticity in data, c) there exists no auto-correlation in the data and d) there exists no multicollinearity in the data. Total degree of variation in export customer dynamism was explained by export intelligence generation, dissemination and responsiveness. The degree of change in export intelligence generation will bring a change of 15.2% in export customer dynamism; increase in export intelligence dissemination will decrease 28.2% the export customer dynamism. Meaning it is in interest of the exporting firms to disseminate more export intelligence. Furthermore a degree of change in export intelligence responsiveness will bring a change of 55.7% in the export customer dynamism.

Recommendations

It is recommended for the export entrepreneurs, to focus on market orientation (market intelligence generation, market intelligence dissemination, market intelligence responsiveness and export customer dynamism).

Entrepreneurial Development Center (EDC)

As a common fact industries, in order to establish them, require huge capital and land resources along with many other proprietary rights technology transformations that may prove to be a challenging task for a trade deficit highly under-debt country. Thereby the trend of entrepreneurial activities may be inculcated through an organized manner by establishing an Entrepreneurial Developmental Center (EDC) as a part of national strategy to teach, organize and encourage skilled youth to come up with rational ideas and focus on becoming entrepreneurs instead

of mere job seekers. Every individual (both male and female) shall be made aware of the education he/she has obtained or the knowledge that s/he possesses shall be made practicable and utilized for his/her own benefit. The EDC can play the role of a reformer by organizing Conferences, Workshops, Sharing Success Stories and by issuing its own Entrepreneurial Bulletins and Research Journals. In order to remain more in line with the desired objectives the EDC should form a coalition with the FAIDE and NAIVETEC to engage the youth and encourage them to remain more inclined towards doing business and contributing to the societal output. Such a culmination of the troika of work would best be understandable through the following model;

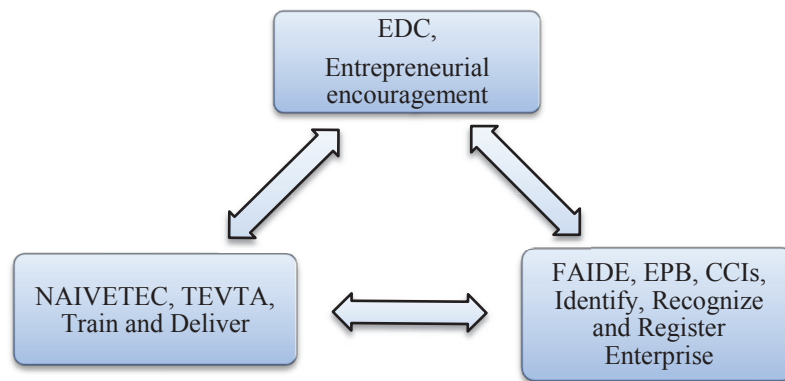


Figure 1: Model

International Business Match Making (IBMM)

An important entrepreneurial practice that has been adopted by many developing nations is to arrange international business match making events on regular basis throughout the year. The Govt. as well as the entrepreneurial community needs to make proper use of the trade unions, chamber of commerce and industries, export promotion bureaus, trade attaches and trade commissioners by encouraging them and engaging with them to provide export market related information and explore the opportunities of doing business with ease. Pakistan being the member of many trade associations is having a number of joint chamber of commerce and industries and friendship centers that can help provide necessary information regarding their internal markets. A fit of the situation would occur only if the export enterprises and those having entrepreneurial mind sets may first identify the products and services that they may offer and then they may explore the areas and foreign territories where the same can be exported. Thus export market

orientation may affect and positively influence the export customer dynamism and export markets effectively.

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