

Impact of Controllable Factors on Export Performance of SMEs in Jordan

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Exporting is of great interest for SMEs in Jordan from both microeconomic and macroeconomic perspective. The objective of this study was to identify to what extent specific internal factors contribute to export success of SMEs in Jordan. This study hypothesized that export performance of SMEs is directly affected by three groups of internal factors. These include firm characteristics, managerial characteristics, and marketing strategy. A multiple case approach is used to conduct this research and a structured interview is developed to collect the data directly from the participants. A pattern matching approach was used to test the hypotheses. The results show that export performance is positively affected by firm characteristics, managerial characteristics, and marketing strategy. Additionally, the demographic characteristics of managers and adaptation of distribution channels are unlikely to have an influence on export performance. This was unexpected, because of the plenty of empirical evidences in the literature that support the impact of these variables on export success.

Keywords: export performance, small-medium enterprises, SMEs, controllable factors, firm characteristics, managerial characteristics, marketing strategy

Introduction

For the past five decades and as a consequence of the incoming internationalization and globalization of the world market, exporting became the preferred mode of internationalization of Small and Medium Enterprises (SMEs) and firms have become more important and more difficult due to increased global competition (Leonidou, Katsikeas, & Coudounari, 2010; Quansah & Bunyaminu, 2017; Nakos, K. D. Brouters, & L. E. Brouters, 1998). The role of exporting in the national economy was significant during the last five decades.

In recent years there has been considerable empirical research investigating the determinants of export performance. This increased attention to exporting is partially explained by the growth in the number of countries facing actual or anticipated balance of payment deficits (Dean, Mengüç, & Myers, 2000). It is widely recognized that the expansion of a nation's exports has great influence on the growth of the economy as a whole, as well as on individual firms (López-Rodríguez, Dopico, & Puente, 2018; Calia & Ferrante, 2013; Leonidou, Katsikeas, Palihawadana, & Spyropoulou, 2007; Cavusgil & Nevin, 1981). Exporting is of vital

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interest to both public policy makers and business managers (Katsikeos, Leonidou, & Morgan, 2000). From the public perspective, exporting is considered as a mean to accumulate foreign exchange reserves, increase employment levels, improve productivity, and lead to higher standard of living (Asadollahpoor, 2015; Chugan & Singh, 2015; Czinkota, 1994). For business managers, exporting provides competitive advantage, improves financial position, increases capacity utilization, and enhances firm growth (Samiee & Walters, 1990).

The changes in the world market including the elimination of political and economic boundaries, the accelerated developments in communication technology, and the formulation of multiple country trade agreements are transforming the business arena worldwide and increasing the importance of exporting to achieve economic growth (Chugan & Singh, 2015; Baldauf, Cavens, & Wanger, 2000; Dean et al., 2000).

For small open economies such as Jordan, with its dependence on foreign aids and international exchange, exporting is vital for economic growth and prosperity. Thus, it is very important to understand all the factors that make SMEs and firms successful exporters. This study will help the practitioners to understand how the selected internal factors improve export performance in Jordan.

Problem Statement

According to the figures provided by the Jordanian Department of Statistics (2018), Jordan's global exports up to the end of 2018 were JD 4,674 million, and Jordan total imports up to the end of 2018 were JD 4,691 million. According to the central bank of Jordan, 99% of registered enterprises in Jordan are SMEs forming more than 70% of workforce, 50% of private sector output, more than 50% of GDP, and more than 45% of total exports. Nevertheless, The contribution of SMEs in Jordan's total exports is very low. Only 4% of SMEs are involved in exporting activities.

In recent years, there has been an increasing interest among small and medium sized firms to expand their operations through exporting. This increasing interest among these firms can be attributed to intensified competition at home and limited size of domestic market. SMEs possess certain features that are distinguished them from large firms and have impact on their choices of internationalization decisions (Laufs & Schwens, 2014). These features include: limited financial and human resources, individual's ownership and management of business, and lack of information. However, SMEs have more flexibility that makes them more responsive to the opportunities in the international markets.

Although the existence of such conditions has contributed in increasing the number of SMEs involved in export activities, studies in this field show that success of these firms depends not just on external (environmental) factors, but mainly on internal controllable factors (e.g. Aaby & Slater, 1989; Madsen, 1989; Cavusgil & Zou, 1994). Therefore, in order for an export development and promotion program to become effective, public policymakers and firm's executives need to give particular attention to identifying the drivers of firm export performance. The understanding of such factors helps decision makers to develop appropriate strategies that will maximize the effectiveness of export performance. Jordanian SMEs are not yet doing well at international trade level and their contributions in this area are limited. The general purpose of this study is to determine what factors may have an impact on export performance of Jordan SMEs and the relative importance of each factor, by examining the influence of controllable factors on export performance.

Study Significance

In the Jordan context, there is a shortage in previous studies investigating the determinants of export performance of SMEs firms. Most of the theoretical and empirical studies in export performance have been

conducted in developed countries. However, the findings of the few export studies that have been conducted in similar economies show that firms' internal factors, particularly managerial characteristics, have an influence on export performance. Therefore this study aims to fill the gap in international business literature in Jordan, and in particular in export performance literature. In addition, the findings of this study will provide recommendation to the policy makers and firms executive to adopt the appropriate strategies to utilize their internal resources to improve export performance of SMEs in Jordan.

Study Objectives

The main objective of this study is to determine what factors may have an impact on export performance of Jordan SMEs and the relative importance of each factor, by examining the influence of controllable factors on export performance.

Theoretical Framework

The internationalization process by small and medium businesses are subjects of significant and ongoing research (Chen, Sousa, & He, 2016; Wolf & Pett, 2000). Exporting has been considered the preferred entry mode for the internationalization of SMEs, as it fits its capabilities by offering greater degree of flexibility and minimal resource commitment (Chen, 2017). In preceding centuries a number of models have been developed to explain the involvement of nations in international trade. Among these theories are comparative advantage (Ricardo, 1817), factor endowment (Ohlin, 1933), and product life cycle (Vernon, 1966). Although these theories are useful for the analysis of board issues pertaining to international trade, their value is limited in explaining the export behavior of individual business unit (Bilkey, 1978).

Several models on the export development process of the firms have been published in the international literature during the last four decades. Following Anderson (1993), the most relevant approaches of the firms specific internationalization process are the Uppsala internationalization model developed by Johanson and Wiedersheim-Paul (1975) and Johanson and Vahlne (1977), innovation-related internationalization model (e.g. Bilkey & Tesar, 1977; Cavusgil, 1982; Czinkota, 1982; Rao & Naidu, 1993), and the born-global model (Cavusgil & Knight, 2015).

The Uppsala Model of Internationalization

The Uppsala model refers to work following Swedish researchers (Johanson & Wiedersheim-Paul, 1975; Johanson & Vahlne, 1977). This model suggests that internationalization activities occur incrementally and are influenced by increased market knowledge and commitment. The model consists of four stages, including no regular exporting activity, export via independent representatives, overseas sales subsidiary, overseas production.

The model emphasizes the organizational forms of international business involvement, and it consists of one pre-export, two export stages, and one post-export stage, each representing a successively greater commitment of resources to overseas markets.

Internationalization is described in terms of market selection and the mechanisms used for market entry. Firms improve their foreign market knowledge through initial expansion with low risk, indirect exporting approaches to similar "psychically close" markets. Over time and through experience firms increase their foreign market commitment. This in turn enhances market knowledge, leading to further commitment in more distant markets ending with offshore manufacturing and sales operations.

Johanson and Vahlne (1990) suggested exceptional conditions for the incremental steps of firm internationalization including a firm that possesses a large amount of resources may take large internationalization steps: When market conditions are stable and homogenous, market knowledge can be gained in ways other than by experience; When a business has considerable experience from markets with similar conditions, it may be able to generalize this experience to other markets.

Johanson and Vahlne (1977) expanded the work of Johanson and Wiedersheim-Paul to suggest that the basic mechanism for internationalization is a combination of market knowledge, commitment decision, and current activities.

The basic mechanism in this model is that market knowledge and commitment affect both commitment decisions and the way current activities are performed, which, in turn, influences market knowledge and commitment. Market commitment comprises of two factors: the amount of resources committed and the degree of commitment.

In 2009 the Uppsala model has been revised. The new model emphasized the importance of networking as a major element in internationalization process. It is through the firm's interconnection that the knowledge is created. According to Johanson and Vahlne (2009), the learning process occurs at the same time with internationalization process.

Innovation-Related Model

In addition to viewing the internationalization process as a sequential series of stages, it has been proposed that export development process can be viewed as an innovation process. Several innovation models have been developed during the last few decades. Based on the same assumption of Uppsala Model, Bilkey and Tesar (1977) developed a six-stage model ranging from one of a lack of interest in exporting to one marked by exporting too many countries. The main difference between the Uppsala Model and the Innovation Model is that the former one emphasizes the organizational forms of international business involvement, while the later emphasizes the process of the internationalization based on firm's increasing dependence on psychologically more distant countries.

Cavusgil (1982) proposed a five-stage model of internationalization ranging from one uninterested in exporting to one of a high commitment to exporting, with various level of commitment in between. The progression in each stage is determined by the amount of information received by managers. The model assumes that companies move progressively and slowly through the stages from domestic marketing to various levels of exporting. It also assumes that non-exporters in stage one are not capable exporting. After the empirical testing of this model the last stage was eliminated. Czinkota (1982) developed a six-stage model. Czinkota's stages range from firms that are completely uninterested in exporting to firms that are experienced large exporters. The empirical testing of this model shows that firms in the various stages differ in terms of organizational, managerial, and other internal company characteristics.

Moon and Lee (1990) proposed three-stage model in attempt to explain the internal factors which induce a firm to move a higher stage. The research revealed that firms' internal factors were significant in explaining the dispersion of firms across the export stages. However, none of the structured variables were related to firm's export stages. Rao and Naidu (1993) developed a four-stage model. In this study, they assigned each responding company into one of four predetermined stages of internationalization according to their export activity: non exporters, export intenders, sporadic exporters, and regular exporters. Their findings confirm the

assumptions that there are identifiable stages in a firm's internationalization. Crick (1995) developed a model consists of six stages. Because of the overlapping of the characteristics of firms within different stages in the internationalization process, the firms are distinguished as non exporters, passive exporters, and active exporters. The results of this study show that there were significant differences between firms in the various stages as to foreign customer demands, internal company requirements, export related problems, and type of government support.

Leonidou and Katsikeas (1996) in reviewing the previous empirical models of export development process concluded that the sequence of activities in the export development process can be divided into three stages: pre-engagement, initial, and advanced. The pre-engagement phases includes firms that are active in their domestic market but not exporting, those involved in domestic market but considering export activity, and those used to export in the past but no longer export. Firms included in the initial phase are sporadic or experimental exporters evaluating future export action. Companies in this phase are classified as those companies who have the ability to increase their overseas involvement, and those unable to cope with the demand of exporting, leading to managerial export or stop exporting. Firms in the advanced phase are actively and consistently engaged exporters.

Born-Global Models

In contradict to the traditional models, the born-global model assumes that firms internationalize their activities within three years of their foundation (Cavusgil, Yeniyurt, & Townsen, 2014). The why global-born firms exist has been investigated by many researcher. The lack of resources is one of the most important factors (Cavusgil et al., 2004). Madsen and Servais (1997) mentioned three reasons for internationalization of born global. The first one is related to the changes in the market conditions. One of the most influencing condition is the emerging of specialization and producing of specific components that are to be marketed in the international market, because the local market is very narrow. The second driver to born-global is the dramatic technological advance in communication, transportation, and production. Consequently, the cost of internationalization process has declined.

The final reason came from the fact that human resources technological capabilities have increased because of the international experience. Born-global firms are focusing on high innovative products, and the background of the founders are different from the founders of traditional exporting firms. They depend largely on utilizing networks to exploit opportunities and attain resources in the international market. Thus, this model is applicable to a certain type of firms. The review of these models reveals that there is no single agreed internationalization model. However, there is an agreement among the research that firms pass through a staged process of international involvement, ranging from the pre-export stage to one with a greater international commitment.

One of the major causes of inconsistency in previous research is the lack of uniform measures for both export performance and its determinants (Chen, Sousa, & He, 2016). The absence of a unified performance measure leaves room for inconsistency and confusion.

Most studies that have investigated export performance have proposed that export performance is directly affected by internal and external factors (Chen, Sousa, & He, 2016; Nakos, K. D. Brouters, & L. E. Brouters, 1998). However, other studies (e.g. Hoang, 1998) revealed that some internal and external factors have an indirect impact on export performance. However, since the majority of previous studies established a direct

relationship between internal and external factors and export performance, in this study we follow the same approach.

Based on this discussion the following model (Figure 1) is proposed to guide this research.

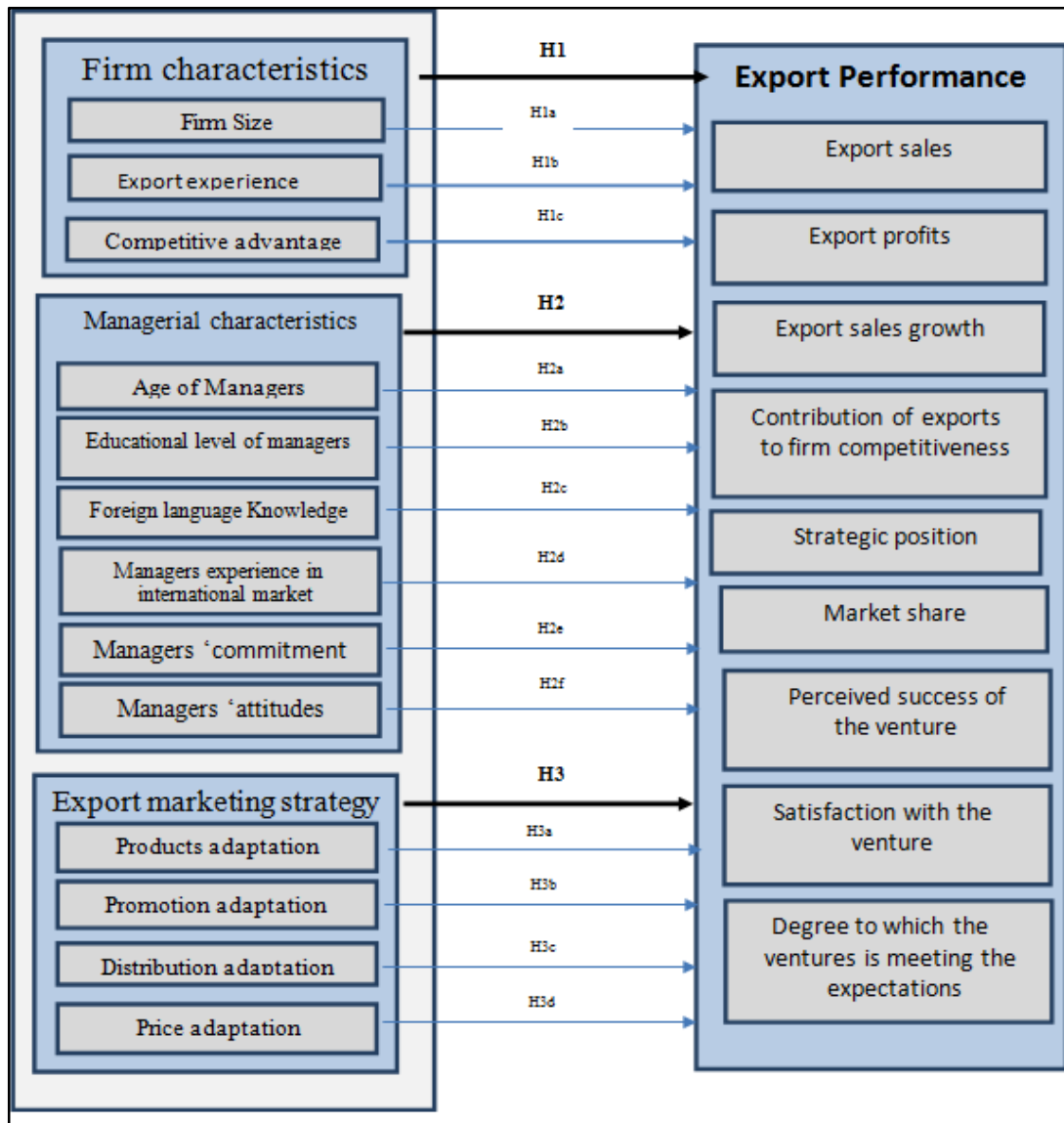


Figure 1. Research model: Impact of controllable factors on export performance.

Literature Review and Hypotheses

Firm Characteristics

Firm characteristics and their influence on export performance have been studied extensively. They are more controllable by management and provide a good indication about the company's strength and weakness. According to Baldauf, Cravens, and Wanger (2000), they can be determinants of higher performance. Various aspects of firm's characteristics have been investigated including firm size, management competencies, and organizational structure. These factors have been widely investigated by previous research. Fernandez-Ortiz,

Arteaga-Ortiz, and Clavel San Emeterio. (2015) studied a sample of 128 internationally diversified SMEs from Spanish region of Larioja to examine the relationship between resources and capacities of these firms and export performance. The findings of this study revealed a positive relationship between the size of the firm, its international experience, international experience of its managers and export performance. Another study by Stoian, A. Rialp, and J. Rialp (2011) investigated the influence of internal (managerial and organisational) and external (environmental) on export performance of Spanish small and medium-sized enterprises. The main results showed that managerial foreign language skills and international business knowledge, firm's export commitment as well as the technological intensity of the industry are the most influencing antecedents of export performance. These findings were also supported by other researcher such as (Assadollahpoor, 2015; Aaby & Slater, 1989; Banaccorsi, 1992; Calof, 1993). According to Da Rocha, Christenen, and Eduardo da Cunha (1990), the greater number of years of export experience the more the firm would be an aggressive exporter. Similarly, Ruzo, Losada, Navarro, and Díez (2011), Sui and Baum (2014), Moini (1995), Nakos et al. (1998), Kaynak and Kuan (1993), Cavusgil and Zou (1994) found positive relationship between international experience and profitability of sales abroad.

In contrast, a few other studies were inconsistent with these findings (e.g. Cavusgil, 1984; Diamantopoulas & Inglis, 1988; Moon & Lee, 1990). Competitive advantage is another firm characteristic factor that has been found to influence export performance. Fung, Gao, Lu, and Mano (2008) conducted a longitudinal study to investigate the Impact of Competitive Position on Export Propensity and Intensity for 213,662 manufacturing firms in China from 1998 to 2005. The results show that firms that have competitive advantages in the domestic market are more likely to export and have higher levels of export intensity. Based on the above discussion the following hypotheses are proposed:

H1: Firm characteristic factors influence export performance.

H1a: : Firm's size positively influences export performance.

H1b: Firms with more export experience will have better export performance.

H1c: Firms utilize updated technology in production will have better export performance.

H1d: Firms with high R&D expenditure will perform better in exporting.

Managerial Characteristics

Like firm characteristics, a wide range of managerial characteristic variables have been examined by researchers, including demographic and non-demographic variables. Fernando, Fitrianingrum, and Richardson (2017) examined the link between organisational determinants and export performance, and the data were collected from E&E firms in Batam. The results indicate that export marketing strategy, firm characteristics and capabilities, and management characteristics are positively and significantly linked to export performance.

Management characteristics are considered to be an important factor in analyzing export performance (Luguna, 2012; Fernandez-Ortiz & Lombardo, 2009). According to Holzmüller and Kasper (1990, p. 218) "A company's decision to extend its marketing activities to markets abroad is ultimately taken by individual decision maker". The personal characteristics of management have been extensively emphasized in export research. Nakos et al. (1998) in their study of "The impact of firm and managerial characteristics on SME Greek firms export performance", found that personal characteristics of decision makers such as educational level, foreign language knowledge, residence in foreign countries, and commitment to international ventures all can have a strong influence on the export performance of the firm.

Fernandez-Ortiz and Lombardo (2009) conducted a survey on 219 Spanish SMEs, indicating a positive relationship between the level of international experience and managers' foreign language proficiency and export performance.

Ganotakis and love (2012), Axinn (1988), and Reid (1983) argue that educated managers are more likely to perform better than less educated managers. Kaynak and Kuan (1993) indicated that managers travel abroad tend to be more successful exporters. Similarly, Holzmuller and Kasper (1990) found that managers having extensive overseas experience are more likely to export. Other studies suggest that export performance is influenced by the manager's knowledge of foreign language (e.g. Serra, Pointon, & Abdou, 2012; Reeves, 1990; Dichtl, Koeglmayr, & Muller, 1990; Enderwick & Akoorie, 1994). With regard to manager's age, studies reveal a positive relationship between age and export performance (e.g. Aaby & Slater, 1989; Nakos et al., 1998). Management attitude toward exporting is another management characteristic that has been studied by researchers. Management attitudes are usually associated with expectations of managers toward profitability, risk, and cost of exporting. A large number of studies have documented the positive relationship between export performance and management attitudes toward exporting (e.g. Czinkota & Johanson, 1983; Dichtt et al., 1990; White, Griffith, & Rynas, 1997; Cavusgil & Zou, 1994).

Management orientation is another managerial characteristic that may influence export performance. In particular, management's commitment to exporting is most likely to have an impact on export performance. Researchers emphasized the importance of this factor as an antecedent to export success (e.g. Gil-Pechuan, Exposito-Langa, & Tomas-Miquel, 2013; Louter, Ouwerkerk, & Bakker, 1991; Cavusgil & Kirpalan, 1993; Nakos et al., 1998; Ogburehi & Longfellow, 1994; Baldauf et al., 2000). Management commitment is reflected in resource commitment. Such activities as export department organization, export planning and control, export marketing research and regular export market visits are of major importance (Banaccorsi, 1992; Katsikeas, Piercy, & Ioannidis, 1996). Following this review, the researcher suggest these hypotheses:

H2: Managerial characteristic factors influence export performance.

H2a: Education level of manager is positively related with export performance.

H2b: Firms with managers having foreign language skills will achieve better export performance.

H2c: Firms with managers having experience in international market will perform better in exporting.

H2d: Management commitment to international market is positively related with export performance.

H2e: Management attitude towards exporting is positively related with export performance.

Export Marketing Strategy

An export strategy similar to domestic marketing strategy is normally defined in terms of marketing adaptation. It involves the manipulating marketing mix components (the 4Ps). In this study, marketing strategy is defined as the degree of adaptation in terms of marketing components. Navarro-García, Arenas-Gaitán, and Rondán-Cataluna (2014) argued that adaptation of marketing mix elements has a positive effect on export performance. Several previous studies show a positive relationship between marketing strategy and export performance.

Fuchs and Köstner (2016) investigated the relationships among organizational factors, external environment, export marketing strategy, and export success, and the findings revealed that the product adaptation strategy positively influenced profitability and overall success, while price and distribution adaptation to local conditions have a direct influence on sales growth. Earlier studies supported these findings.

Shoham and Albaum (1995), Cavusgil and Zou (1994), and Shoham (1996) reported a positive relationship between product adaptation and export performance as well as between price adaptation and export performance. Similarly, Shoham (1996) found that the degree of adaptation of promotion positively influences export sales margin, export sales growth, export profit margin, and export profit growth. In the case of distribution adaptation strategy, Beamish, Craig, and McLellan (1993) found that exporters who select a different distribution channel from that used for the domestic market have a better export performance. Upon this discussion the following hypotheses are proposed:

H3: Export marketing strategy influences export performance.

H3a: Firms following product adaptation policy will achieve higher export performance.

H3b: Firms following promotion adaptation policy will achieve higher export performance.

H3c: Firms following distribution adaptation policy will achieve higher.

H3d: Firms following distribution adaptation policy will achieve higher export performance.

Methodology

Methodological Framework

A multiple case approach is used to conduct this research. Recently there has been a growing recognition that the case study approach yields fruitful results. Yin (2014, p. 116) defined the case study as “an empirical inquiry that investigates a contemporary phenomenon (the ‘case’) in depth and within its real-world context”.

In contrast to traditional views that qualitative research methods cannot produce valid result, Yin’s definition of case study suggests that it can be used as a fruitful scientific research method if executed in an appropriate way. Its major strength is that data can be collected from a variety of sources, both quantitative and qualitative. Although case study approach has been criticized for having a low level of generalizability. Yin (1989) argues that case studies are generalizable to theoretical propositions, even not to the population as a whole. Chetty (1996) argues that the case study method is appropriate for small economies where the small sample base means that there might not be enough firms to justify using statistical generalization. The logic behind using the multiple case studies is either to predict similar result (literal replication) or produce contrasting results for predictable reasons (theoretical replication) (Yin, 1994).

In this study, using the multiple case approach would be an ideal choice. As it allows both theoretical and literal replications to be used, five cases from Amman province are selected to participate in this study. As the exporting behavior of SMEs could vary according to the type of industry, the selected cases are restricted to consumer product manufacturing sector with less than 100 employees. The rationale for focusing on SMEs is that the statistics reveal that SMEs account for more than 99% of all enterprises, in Jordan context a small enterprise is considered one with up to 20 employees where as a medium one has up to 100 employees (Ministry of Planning, 2016). Firms are chosen for theoretical replication reasons rather than representation reasons.

Data Collection Method

To answer the research question, a structured interview is developed to collect the data directly from the participants. The questionnaire is developed on the basis of the foregoing literature review. Using a structured interview is an appropriate method because the aim of this study is to compare the research findings with theoretical propositions. Standardization of data collection minimizes researcher bias and enhances the reliability of measurement.

The directory of exporters (2018) was used to identify the potential cases from small and medium-sized exporters with the help of the Ministry of Planning. Fifty small and medium businesses were approached, 15 businesses were consistent with the criteria specified in (small and medium-sized with less than 100 employee) the methodological framework.

Data Analysis Technique

This study adopts the pattern matching method (Yin, 1989) to analyze the collected data. The logic of using this method is that it allows comparing an empirically based patterns with a pattern developed from relevant literature.

Following the procedures suggested by Yin (1989), an initial theoretical framework and propositions have been developed. The purpose of constructing the theoretical framework is that it helps to shape the structure of the case study and define the relationship to be analyzed (Yin, 1994).

The analysis process starts with developing a case description that links a set of variables to the research question. Yin (1994) refers to this as a strategy, the aim of this strategy is to produce compelling analytical conclusion by ruling out literature interpretations. This is achieved through the employment of a specific analytical strategy that places the data in some order prior to actual analysis (Yin, 1994).

The next step in the analysis process is to test the theoretical hypotheses proposed. This will be achieved by testing the link between the independent variables and export performance, then comparing the findings with the literature to assess the literal replication. In addition to the pattern-matching approach.

Variables and Measurements

Since this research utilizes a structured interview, it is appropriate to operationalize the research variables as this helps to generate data that hold independently of the research setting and the researcher which in turn improves the reliability of measurements.

Sixteen variables are used in this study, independent variables including three firm characteristics, six managerial characteristics, and four business marketing strategy. In addition to independent variable three variables are used to measure export performance (dependent variables).

Firm characteristics

Three firm characteristic variables are included under this category:

Firm size: There is no universally accepted measure for defining firm size. Various measures have been used in the literature to capture firm size. However, the most commonly used measures are the number of employees and total annual sales. In this study, both of these measures are used. Both items are measured as continuous variables (Cavusgil & Zou,1994).

Export experience: Two dimensions of export experience are considered. The first dimension refers to the length of time the firm has been involved in exporting. The second dimension refers to the scope of experience and it is operationalized as the number of export countries, number of products, nature of product, and type of distribution.

Competitive advantages: A wide range of indicators have been used in previous research to measure firm's competitive advantages. In this study only two dimensions of competitive advantages are considered as they represent the fundamental elements for all other advantages. The first dimension is the technological competency and it is operationalized as the degree of intensity of using technology in production, uniqueness of product, and price competition. These three items are measured on a five-point scale. The second dimension is

the R&D expenditure and it is operationalized as the percentage of R&D expenditure to total sale. R&D expenditure is measured by using seven-point scale with 1 = less than 5% and 7 = 30% or more.

Managerial characteristics

Six managerial characteristics are included in this study. Age of manager is measured as continuous variable. Education is measured by asking managers to indicate their education level using five-point scale with 1 = less than high school and 5 = postgraduate degree. Experience is measured by asking managers to indicate the number of years lived overseas, and the number of years involved in exporting activities domestically. Both items are measured on a five-point scale with 1 = less than five years and 5 = 20 years or above.

Five languages are used to measure managers self-evaluation of their knowledge of foreign languages. These are French, English, Japanese, Spanish, and German. Five-point scale is used with 1 = not at all and 5 = excellent.

Management commitment is measured by asking managers to response to five nominally scaled questions relating to the existence of a separate export unit, regular export market visits, the use of marketing research, appointment of export managers, and the number of person-years devoted to export.

Managers will be asked to indicate their perception of export profit, risk, and cost compared to selling in domestic market on a five-point scale.

Export marketing strategy

Multi-item scales are used to measure adaptation policy versus standardization policy. Eight items are used to measure the degree of adaptation of each of the four marketing mix components. The managers are asked to indicate the degree of adaptation on a five-point scale with 1 = none and 5 = substantial .

Export performance (dependent variables)

Export performance is traditionally measured using a single indicator, mostly objective measures. However, this approach has been criticized by recent researchers (e.g. Shoham, 1998; Styles, 1998; Zou, Taylor, & Osland, 1998). It is now recognized that export performance is a multidimensional concept, that export performance can be conceptualized and operationalized in different ways and it is not possible to rely on a single indicator to capture its various dimensions. There are two principle ways of measuring export performance: Financial measures, such as export sales, export growth, and export intensity, and non-financial measures, such as satisfaction with export performance, and perceived success in attaining goals.

Zou, Taylor, and Osland (1998) developed an EXPERF scale which incorporates three dimensions: financial export performance, strategic export performance, and satisfaction with export venture. Based on data collected from the US and Japanese exporters, their study established a cross-national consistency in the EXPERF scale. Shoham (1998) operationalized export perceptions of performance using both financial measures and subjective perceptions of performance under three dimensions: sale, profit, and change.

This study adopts the EXPERF scale developed by Zou, Taylor, and Osland (1998). Nine items are included to measure export performance. These items are: export profit, export sales, export sales growth, contribution of export venture to firm's competitiveness, strategic position, market share, perceived success of the venture, satisfaction with the venture, and the degree to which the venture is meeting expectations. The nine items are measured on five-point scales with 1 = strongly disagree and 5 = strongly agree. Finally, the managers are asked to evaluate the impact of each variable on the export performance of their firms on five-point scale with 1 = none and 5 = very important.

Reliability and Validity

One of the key issues about qualitative research is that the concept of validity and reliability. Yin (1994) suggests various types of validity to judge the quality of the case study approach, including Construct validity, Internal validity (not for descriptive or exploratory case study), and External validity. In this study, only two tests, i.e. construct validity and reliability are relevant. Internal validity is not applicable because causality is not the main purpose of this study.

Construct validity is established by using measures which have been tested in previous research.

Cases Description

This section provides a full description of the reported findings of each selected case. The findings are the result of structured interviews with business managers. The content of each case description is a reflection of the identified factors in the theoretical framework. The information presented are categorized into three groups: firm characteristics, managerial characteristics, and export marketing strategy. The purpose of presenting these findings is to form a base for further analysis.

Case I

- Firm characteristics

This business was established in 1972 based in Jordan capital Amman. The company produces and exports a wide range of natural health and beauty products. The products contain Dead Sea mineral sand marketed under the brand name C-products. The products had been formulated following extensive research and development. Currently, the business employs 22 full-time employees. The total annual sales are JD 4.5 million (\$6.5 million). Export sales account for 90% of total sales. The business has been involved in exporting for the last 26 years. The major markets of C-products are in the European Union (Italy, France, and Spain), Switzerland, the United States, Canada, Japan, and South East Asia. The internationalization process of this business has been incremental and gradual as the company started exporting to Arab neighboring countries, Asian markets, then expanded into Europe and United States markets. Initially, the business started with two types of cosmetics products, at present the firm exports seven types of natural health and beauty products. The exported products customized to the preferences of consumers in different markets.

The company's market entry mode was based on distributors and agents in its major foreign markets. According to the manager, this minimizes risk, facilitates compliances with technical standards, and improves cash flow. The manager perceived the degree of technological intensity as moderate and the degree of product uniqueness as high.

The firm made sure that the components used in the production of its products were among the best available. The company imposed very strict requirements concerning the quality of the materials used for its products. Annual expenditure on R&D is estimated 15%-19% of total sales. The manager believes that investment of R&D activities is very important for product development to maintain competitive position export markets.

Firm's experience, technological intensity, product uniqueness, are considered important factors for export success as stated by the participant.

- Managerial characteristics

The manager of this business is 43 years old with 22 years of exporting experience and has lived eight years overseas. The formal qualification of the participant is MBA (Master of Business Administration) degree

from a US university, who had experience working abroad. The manager possesses excellent knowledge of English language and believes that English is the business language worldwide. The business structure is a simple one with no special export unit. The exporting activities are carried out directly by the manager and the marketing manager. Visiting the international market is a regular activity undertaken by both the manager and the marketing manager. Having completed all his university education abroad, and having worked abroad, the manager possesses a good knowledge of the international business environment. The purpose of visiting international market is to explore new opportunities, conduct market research as well as to promote the firm's products mainly through participation in international trade fairs. Marketing research is extensively performed by the marketing manager to assess the customer's satisfaction and developing an appropriate marketing strategy.

The number of employees devoted to export activities is believed to be sufficient by the manager. The attitude of the manager towards doing business in the international market is that it is more profitable than selling in the domestic market, despite it involving more cost. However, it is not riskier than selling domestically. This is because of the limited size of cosmetics and beauty market in Jordan. In addition, the manager believes that exporting is a good opportunity for his firm to develop new products that possess high quality.

The participant considers management experience, management commitment, foreign language knowledge, and management attitude towards international markets important factors for export success. On the other hand, manager age and education level are considered unimportant factors.

- Export marketing strategy

The marketing strategy of this firm is product adaptation. The manager has reported a high degree of product adaptation. This is because the firm operates in a variety of markets where there are substantial differences in consumers' preferences in different markets. With regards to promotional policy, the company uses a marketing push approach, promoting its products mainly through participation in international trade fairs, the manager personally involves in formulation of promotion activities and has full control over the promotional budget. The business uses different types of packaging for each exporting market. Quality of packaging was one of the major problems faced by the company in its early exporting years. Packaging material available in Jordan was not of sufficiently good quality to be used in demanding cosmetic markets of developed countries. Therefore, the company imports quality-packaging materials from developed countries. The manager believes that branded cosmetics required high quality packaging. Recently the company had launched its own Internet website for clients and potential buyers to inquire about the firm's product range and to gain access to the company's newsletter. According to the manager, the internet has proved to be effective promotional tool for accessing markets in developed countries. Overall, the degree of promotion adaptation is considered high as stated by the participant. In terms of pricing policy it is adaptable and comparable to competitors' prices in the market place. The business utilizes direct channel of distribution through independent distributors to market its products in international markets. This is because of the limited resources of the firm. The manager indicated that adaptation policy had a positive impact on export performance.

- Export performance

All factors listed in the structured interview are used to evaluate export performance. The manager expressed his satisfaction with export performance of his firm. Financial factors were perceived as moderate, while the strategic goals of export are considered to be fulfilled. Among the key factors that have an influence

on export performance as reported by the manager are export experience, competitive advantages, management experience, management commitment, management attitude, foreign language knowledge. All these variables were perceived by the manager as high.

Case II

- Firm characteristics

This business was established in 1984 with a small number of sewing machines and the labor of the family members. In 1991, the company and its manufacturing operations underwent a major expansion and re-organization. In addition to operating a sewing factory producing high quality cotton knit underwear and T-shirts, the company owns and runs knitting and dyeing operations specialized in single jersey and fleece fabric with a capacity of 2-3 metric tons/day. Supported by its own textile engineers, modern equipment, strong management and quality control operation, the company is a highly competitive producer of better quality fabrics and garments for both domestic and international markets.

At present, the firm has 38 full-time employees. Annual sales are estimated JD 1.5 million (\$2.1 million) with 80% of this being attributed to export sales. Of export sales 70% is generated from Arab neighboring countries; and 10% from European Union. The business has been exporting to Arab countries for the last 15 years and for 10 years to European Union. Initially the firm started exporting with two products, at present the company manufactures six types of exported products. Most of the exported products are customized to the preferences of customers in different markets, especially to European countries. Products are differentiated in terms of color and design. The business utilizes independent distributors in foreign markets to market its products. This is because the firm has limited capabilities to invest directly in international markets. Both, the degree of technological intensity and product uniqueness were perceived by the manager as high, while R&D expenditure is estimated 10%-14% of total sales. Investment on R&D activities for exported products to international markets is important to the firm, as it ensures its competitiveness of its products.

According to the manager competitive advantages are the key factors for export success. Also export experience is important determinant of export performance.

- Managerial characteristics

The firm's manager is 52 years old with 18 years of exporting experience, and has lived seven years overseas. The academic qualification of the manager is a post graduate degree in business. The participant possesses an excellent knowledge of English language. The manager undertakes regular visits to international markets. The purpose of visiting international markets is to explore new markets, participate in international trade exhibitions, and conduct market research to assess product position. Exporting activities are performed by the management team composed of the manager, the marketing manager, and the production manager. The firm's structure does not contain a special export unit. This is because of the limited resources of the business and the integration of its various activities. However, the manager believes that the number of employees devoted to export activities is sufficient for the time being. Doing business through exporting is perceived to be much more profitable than selling in the domestic market, but not more risky even though it involves more costs. The manager indicated that the domestic market is saturated and highly competitive, therefore it is better to sell in international markets to sustain the business growth. According to the manager, manager experience, management commitment, management attitudes are important factors for export success, while demographic

characteristics of the manager have no influence on export performance. Also, the manager indicated that some government regulations present obstacles to export.

- Export marketing strategy

The overall marketing strategy of this business is product adaptation. Exported products are differentiated to the preferences of customers in the international markets. Products are differentiated in terms of design and colors. The aim of this strategy is to maintain competitive position in the market place by manufacturing high quality products that meet customers' needs. Promotional strategy is centrally formulated by the manager and marketing manager. However, the content of advertising is adaptable to cultural diversity of different markets. This includes packaging, brand names, and instruction language. Prices of exported products are rated comparable to competitors' prices in market place. The business uses independent agents to distribute its products in international markets. The company provides no support what so ever to distributors as they work independently and charge their own prices. The manger's responses show that adaptation of marketing components is essential for export performance.

- Export performance

Export performance is measured on all factors listed in the structured interview. The manager judged the export profit, sales growth, and strategic goals of export as high. Overall the participant expressed his satisfaction with export performance of his business. Factors that are considered as important determinants influencing the firm's export performance include firm experience, competitive advantages, management experience, management commitment, management attitudes, product adaptation, price adaptation, and to a lesser extent promotion adaptation of export performance as indicated by the manager.

Case III

- Firm characteristics

This business specializes in the CMT production of Jeans, but also makes children's clothes and training suits, mostly under subcontracts to other firms in neighboring countries. It was established in 1980 and employs 32 workers. Its current capacity is 4,000 pieces daily. The firm now produces and markets its own branded lines of jeans for men, women, and children in the domestic market and since 1984 has started marketing in five international markets. Total sales revenue of the business is JD 2.7 million (\$ 3.8 million) with 55% of this being attributed to export sales. All export sales are generated from neighboring Arab countries. The business manufactures nine types of exported products, and has been involved in exporting activities for the last 17 years. Most of the exported products are customized to meet the requirements of the contracted firms in international markets. Products are distributed through contracted firms as well as independent dealers in different markets. Technological intensity and products uniqueness are considered high as reported by the participant. Expenditure on R&D is estimated to be 5%-9% of total sales. The participant believes that firm's experience and competitive advantages are important determinants of export performance.

- Managerial characteristics

The business's manager is 61 years old with 25 years of exporting experience. The formal qualification of the participants is a university degree in engineering and possesses good knowledge of English language. The participant undertakes regular visits to international markets to explore new opportunities. Marketing research is an essential part of management activities and carried out by the manager and sometime by external consultants. The purpose of market research is to enhance the quality of products and innovate new products.

The firm has no separate export unit. The reason is that the size and the scope of business are limited. However, the manager indicated that due to the expansion of its operations, the firm would introduce changes in its structure that include having export department in the near future. The manager believes that exporting to international market is more profitable than selling in the domestic market. However, it is more risky and more costly. Responses of the participant revealed that manager experience, management commitment, management attitudes, and knowledge of foreign language have a positive influence on export performance, while demographic characteristics of management have no impact export success.

- Export marketing strategy

In general the marketing strategy of this business is based on adaptation of products, prices, and to some extent promotion programs. Exported products are adaptable to consumers' preferences. Adaptation policy includes, packaging, colors, and designs. Also prices are comparable to competitors' prices in international markets. Promotional budget and activities are controlled by the manager, however the content of promotional program is adaptable in accordance to the cultural diversity of each market. With regards to distribution strategy, the firm uses direct channel of distribution through independent agents.

- Export performance

All variables listed in the structured interview are used to judge export performance. The manager perceives export profitability and sales growth as high, strategic goals as moderately accomplished and export performance as satisfactory.

The manager responses show that business experience, competitive advantages, management experience, management attitudes, and adaptation strategy are important factors for export success.

Case IV

- Firm characteristics

This firm was established in 1969 as a small family business. The company enjoys the leading position in Jordan for the production of tahini (sesame emulsion) and halua. At present the company produces a wide range of products. The main products are Broad Beans, Chick peas, Green Peas, White Beans in Tomato Sauce. The production capacity of the business is 1,300 carton per shift. The business has 43 full-time employees. The total sales revenue is JD 22 million (\$ 31 million). The whole sales are generated from the Arab countries. The company has 28 years of exporting experience and started the exporting activities four years after establishment. Initially, the company has three lines of production and manufactures 13 interrelated products. All exported products are standardized. This is attributed to the fact that these products possess high quality and are exported to Arab markets that have similar consumers preferences. Both technological intensity and products uniqueness are perceived high as indicated by the manager. Expenditure on R&D is estimated to be 10%-14% of total sales. According to the participant, firm's experience, and competitive advantages have considerable influence on export performance.

- Managerial characteristics

The manager of this business is 54 years old, with 27 years of exporting experience. The participant has lived 13 years overseas and possesses good knowledge of English language. The academic qualification of the manager is a university degree in engineering. The firm's structure has a formal export unit that is run by export manager. Both the manager and the export manager undertake extensive visits to export markets. The purpose of these visits is to explore new opportunities and conduct market research. Marketing research is also an

important activity that is extensively performed by the manager and the export manager. The manager sees international markets more profitable than selling domestically. This is because the domestic market is considered highly competitive and saturated. However, the manager believes that doing business through exporting is more risky and involves more costs. Management commitment, management attitudes, and export experience were ranked high by the participant as determinants of export success, while manager's age, education, and foreign language capabilities have no influence on export performance.

- Export marketing strategy

In general the marketing strategy of this firm is the standardization policy. The reason for the adoption of this policy is that the firm operates in countries that are considered an extension to Jordan market and have similar culture and consumers' preferences. Therefore, the products are introduced with no modifications. The promotional budget is controlled by the manager and the promotional strategy is structured so that the agents directly target the consumers. Prices are comparable to competitors' prices in the market place. According to the manager, the standardization policy has a positive impact on export performance as it improves the firm's sales growth.

- Export performance

The firm uses only sales growth as an indicator to judge export performance. The manager's responses show that firm experience, competitive advantages, managers' experience, management commitment, and management attitudes are the key elements that enhance export performance.

Case V

- Firm characteristics

The firm is a family owned business established in 1979 and specialized in manufacturing and marketing of printed and un-printed polystyrene containers of unlimited shapes and sized, as well as multi-layer and single-layer extruded plastic sheets. The business employs 17 full-time employees. The firm's total sales revenue is JD 3.5 million (\$5 millions) with 85% of this coming from export sales. 100% of export sales is generated from Arab countries (Saudi Arabia, Syria, Bahrain, and UAE). The firm began exporting with three products, currently the firm exports seven types of products using three production lines. Most of the products are customized to the preferences of customers in export markets. The firm utilizes highly advanced technology that is imported from Europe and that is not available elsewhere in Jordan. The degree of technological intensity and product uniqueness is perceived to be high by the manager. Annual expenditure on R&D is estimated to be 10%-14% of total sales. Firm's experience and competitive advantages are considered important factors for export success.

- Managerial characteristics

The manager of this business is 45 years old with 10 years of exporting experience, and has lived three years overseas. The formal qualification of the participant is a university degree in commerce, but he possesses no foreign language capability except fair knowledge of English. The business structure has no special export unit, and the exporting activities are performed directly by the manager and production manager. Visiting international markets is a regular activity undertaken by the manager. The purpose of these visits is to participate in international trade exhibitions and search for new customers. Also, marketing research is carried out by the firm itself to assess the position of its products in the market place. According to the manager, the number of employees devoted to export activities is sufficient. Doing business in international markets is

perceived to be more profitable than selling in the domestic market and it involves more risks and more costs. Manager's experience, management commitment, and management attitudes towards international markets have positive influence on export performance as reported by the manager.

- Export marketing strategy

In terms of product adaptation, the firm differentiates its products to customers' preferences in foreign markets. The manager believes that even though the firm operates in countries that have similar culture to Jordan's culture, the firm must differentiate its products to match the special requirements of each market. Products are differentiated in terms of the size and the design. Prices are adaptable and comparable to competitors' prices in foreign markets. Although the promotional budget is controlled by the firm, the content of advertising is adaptable to cultural specifications of different markets. The firm uses independent agents in international markets. The manager indicated that adaptation of marketing components is essential for export performance.

- Export performance

Two measures are used to evaluate export performance of this business. These are export sales growth and profitability. Based on the manager's responses firm experience, competitive advantages, manager's experience, management commitment, management attitudes, and differentiation strategy have high influence on export performance

Findings Analysis

In this section the researcher will analyze the influence of the proposed controllable variables on export performance of selected firms. This will be performed by applying the principle of literal replication as suggested by Yin (1994). A review of the relevant literature shows that some controllable factors influence export performance in a consistent manner. The findings of cases' analysis will be compared with the relative literature. The purpose of this comparison is to provide a base for testing the research hypotheses. The findings are presented in four areas: (1) firm characteristics, (2) management characteristics, (3) export marketing strategy, and (4) export performance.

Firms Characteristics

The description of firms characteristics of the case firms provided by the participants reveals high level of consistency with the findings of the literature in large. Export literature suggests that a firm's exporting experience has a positive influence on export performance of the firm. In this study, three of the five cases have been involved in exporting for a long period of time. Firms 1, 3, and 4 have more than 22 years of exporting experience, Firm 2 has 18 years of exporting experience. Only Firm 5 does not possess similar experience. In terms of the scope of experience the findings are in agreement with the literature findings, the literature suggests that firms exporting more products to more countries have better export performance. In this study all five case firms export a wide range of products and serve more than three international markets. Contrary to the stage theory of internationalization, all five case firms became committed international firms after a short period of establishment and the speed of the internationalization process is more rapid than the stage-wise progression features of the internationalization theory of the firm suggested in the literature. As a business at a more advanced stage of the internationalization process would be expected to show high level of commitment towards foreign markets. For example, Firms 1, 2, 3, and 4 have involved in exporting activities within the first

five years of establishment. However, with the exception of one firm, all other firms began exporting to neighbouring Arab countries, which is consistent with the stages theory of internationalization. According to this theory firms should start exporting to countries that are geographically close to the firms' country. In four of the five case firms, products exported are customized to the preferences of customers in different markets. This is also consistent with the literature. According to export literature, firms customize their products perform better in export performance.

Another anticipated finding is that all five firms use direct channels of distribution which is in accordance with the behavior of small exporters in Jordan, but contradicts the literature in large. This may be attributed to the limited resources of small and medium exporters and the lack of knowledge about international markets.

On all measures used to evaluate the competitive advantages of the case firms, the findings were consistent with the literature. Export literature support the notion that firms having competitive advantages in terms of technological intensity, product uniqueness, and R&D will have better export performance. The competitive advantages of all five case firms lie on the possession of unique product, moderate or high level of technological intensity. Product uniqueness and R&D are considered important factors to maintain competitive position in the market place, even though the expenditure on R&D is low to medium in comparison to large firms. The findings are identical to the literature findings. The explanation of the low percentage of R&D expenditure is that R&D is associated with the availability of resources. The only firm characteristics variable that contradicts the literature findings is related to firms' size. In all the case firms the results show no influence of firms' size on export performance.

Management Characteristics

The analysis of the demographic characteristics of the managers of the case firms as shown in Table 1 reveals mixed results. All five managers possess a university degree, and four of them have a lengthy export experience, this is similar to the literature expectations. However, contradictory to the literature is that manager's education has no influence on export performance as reported by all participants. This may reflect the fact that more than 80% of Jordan's SMEs are family businesses that are run by the owners, and for them experience is more important than academic qualification. Another contradictory to the literature findings is that all interviewees possess no foreign language knowledge except English language. However, in all five case firms, managers believe that foreign language is not a barrier for export success. The simple explanation is that almost all firms export to English-spoken countries or to Arab countries. In these cases English language is the only foreign language that is considered important and increases the ability of managers to export and that foreign languages skill is an essential element when exported markets possess distinctively different languages. In terms of managers age, the responses of all five participants show that the age has no influence on export performance which is inconsistent with the literature.

Table 1

Demographic Characteristics of Managers

Case	Age (years)	Education	Export experience (years)	Foreign language knowledge
1	43	University degree	22	English
2	52	University degree	18	English
3	61	University degree	25	English
4	54	University degree	27	English
5	45	University degree	10	English

In regards to management commitment, the findings partially support the literature, only one of the five case firms (Firm 1) has special export unit within its structure. This can be attributed to the small size of these businesses and the scope of their activities. On all other variables used to measure management commitment, the findings were consistent with the identified patterns in the literature. In all five case firms management undertakes extensive market research, and visiting of international markets is a regular activity performed by management. The primary purpose of these activities is to explore new opportunities, and participate in international trade exhibitions. These findings are similar to the literature. Analysis of participants' attitude towards international markets is consistent with literature. All the managers of the five case firms consider exporting more profitable than selling domestically. Possessing of such favorable expectations towards exporting is similar to the findings of export literature. Managerial experience, management commitment, and management attitudes are perceived as important factors for export success as reported by all participants. In the literature, all these variables are viewed as essential determinants of export performance.

Export Marketing Strategy

In general, the marketing strategy adopted by the case firms is to some extent consistent with the identified patterns in the literature. The aim of this differentiated approach is to target different markets with different strategies to achieve high growth. Four of the five case firms (1, 2, 3, and 5) adopt their products to consumers' preferences in international markets. This is similar to the literature findings. The literature supports the positive effect of adaptation of the 4Ps on export performance. A simple explanation that Firm 4 uses standardization approach is that a standardized product is more favored when exporting to psychological close markets. In this case, it is assumed that consumers in all Arab countries share similar characteristics and tastes. Promotional policy is partially supported by the literature. In all the case firms, managers have direct control over the promotional budget. This is inconsistent with the literature findings and can be attributed to the limited resources possessed by these firms. However, the content of advertising programs is modified to meet the cultural diversity. The literature suggests that the effectiveness of the advertising is dependent on consumers' background. In term of pricing policy in all four cases, products prices are adaptable and comparable to competitors' prices, which is in line with the literature. With regards to distribution channels, the findings of all five case firms show complete inconsistency with the identified patterns in the literature. All five firms use direct distribution channels in exporting as opposed to the literature. The explanation of this contradictory may be due to the fact that these firms have limited resources to establish their own subsidiaries or offices in foreign markets.

Export Performance

Analysis of the measures used by the case firms to evaluate export performance shows high level of consistency with the literature. Firms 1, 2, 3, and 4 use all variables listed in the structured interview, while Firm 5 uses one of these variables, these are sales growth, profitability, and satisfaction with export.

In term of perceived importance of controllable factors to export success, some variables show consistency with the identified patterns in the literature. These include business experience, competitive advantages, management experience, management commitment, management attitudes, product adaptation, pricing adaptation, and to some extent promotional adaptation. All the five case firms consider these variables important for export success. On the other hand, manager's education, foreign language knowledge, and firm size are considered unimportant factors, which are contrary to the literature findings.

Hypotheses Test

H1: Firm characteristic factors influence export performance

A cross-case analysis revealed mixed results concerning firm characteristics variables. In terms of firm size, the finding is inconsistent with the literature. This is evident from the case summaries in Table 2 below. For instance, Firm 1 employs 22 full-time employees and its sales revenue is \$6.5 million, with 90% of total sales being generated from export sales, while Firm 2 employs 38 full-time employees with total sales of \$2.1 million, and only 80% of this being attributed to export. Similarly, Firm 5 employs 17 employees with total sales of \$5 million and 85% of this being generated from export sales, while Firm 3 employs 32 full-time employees with total sales of \$3.8 million and only 55% of this being attributed to export sales.

Furthermore, in all five cases, managers indicated that firm size had no influence on the export performance of these firms. Thus, H1a is rejected. These firms have been able to overcome the limitations of their resources through innovation and manufacturing unique products that maintain competitive position in the market place. In other word, the results support the notion of “born global” firms.

Table 2

Cases Summaries

Case	Firm size		Percentage of sales from exports	Firm age	Years of exporting
	Employees	Sales (\$m)			
1	22	6.5	90%	29	26
2	38	2.1	80%	17	15
3	32	3.8	85%	21	17
4	43	31	100%	32	28
5	17	5	85%	21	19

With regards to export experience literal replication is achieved. As shown in Table 2, percentage of sales generated from export is correlated with exporting experience of the firm. Table 2 shows that export sales increases as exporting experience of the firm increases. Also managers’ responses supported the hypotheses that the longer the exporting experience of the firm, the better the export performance. Thus H1b is sustained.

Literal replication has been also achieved for competitive advantages variables. In all the five case firms, technological intensity and product uniqueness were perceived moderate or high. The low rate of R&D expenditure can be attributed to the fact that this rate is changeable from one year to another, and to the uniqueness of the exported product. However, all managers indicated that product uniqueness, technological intensity, and R&D are important factors for export success. Thus H1c and PH1d are sustained.

H2: Managerial characteristic factors influence export performance

A cross-case analysis has revealed consistency over some variables and contradiction over others. Despite the fact that the five managers interviewed have university degree, most of them indicated that manager’s education had no impact on export performance. Similarly, managers’ poor knowledge of foreign languages and their responses indicated low influence on export performance. Thus, literal replication has not been achieved on H2a and H2b. On the other hand, a case study analysis led to the conclusion that manager experience, management commitment, and management attitude toward international market have positive influence on export performance.

This is evident from literal replication in the findings relating to the managers having long experience in exporting, extensive visits to international markets, conducting of market research and possessing of positive attitudes towards exporting profitability. All these variables are highly correlated with export sales. The absence of literal replication of the existence of special export unit is attributed to limited resources and the ownership of businesses, as four of five cases are family businesses. However, in general H2c, H2d, and H2e are supported.

H3: Export marketing strategy influences export performance

In terms of product adaptation policy, literal replication has been achieved, as four of the five cases have adopted their products to the preferences of consumers. The replication also is supported by the managers' responses, which considered products adaptation important for the success of export. The inconsistency of the findings in relation to the product standardization of the fourth firm is attributed to the fact that the firm exports only to the Arab countries, which have similar culture. Literal replication has been achieved on pricing policy. In all five cases prices were comparable to competitors' prices. Both product adaptation and pricing adaptation are correlated to export sales. With regards to promotion literal replication has been partially achieved. As in all five cases managers have control on the promotional budget, but the content of advertising is modified to match customers needs in different markets. Finally, inconsistency has been found in the findings in relation to standardization of distribution channels. In all the five cases, firms use direct distribution approach through independent distributors, which is inconsistent with the literature. The explanation to this contradictory can be attributed to the limited resources of these firms as well as the lack of knowledge about the international market. Thus, H3a and H3b are supported, H3c is partially supported and H3d is rejected.

To conclude this section it is important to note that the findings of this case study have failed to fully support the stage theory of internationalization, as most of these cases have been involved in exporting a short time after establishment, and their internationalization has not been incremental. However, the findings support the stage model in that the geographic proximity had an influence in market selection. In four of five cases firms began exporting to neighboring Arab countries, consequently, with the exception of Firm 5, all other firms expanded their exporting operations to other countries.

Conclusions and Implications

Improving the understanding of the internal factors impacting export performance is an important concern for SMEs managers. In this study, several controllable factors have been examined. The findings revealed that some of these variables are linked with export performance. These factors are certainly within the control of management. One of the most important conclusions of the study is that improvement on export performance of SMEs appears to be influenced by the internal determinants: firm characteristics (business experience, technology intensiveness, product uniqueness, R&D investment); management characteristics (manager's experience, positive expectations, using of market research, exploration of international market); and marketing strategy (adaptation policy).

Based on these results, top management of SMEs should be able to improve their export performance by stressing importance of the firm's internal capabilities.

The first implication for the managers is that more emphasis should be given to competitive advantages particularly investment on technology and R&D.

The second message to the managers is that managers' commitment is a crucial element in export success. Therefore, firms must encourage their management to explore markets for export possibilities by gaining knowledge in the international market and using of marketing research. This can be accomplished through frequent visits to foreign markets, which is considered crucial in developing the export market. Finally it appears that adaptation of manufactured products is linked with export performance. Thus, managers should review their marketing strategy to select the appropriate approach for the export market.

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