

# *Behind the Exporters' Success: Analysis of Successful Hungarian Exporter Companies From a Strategic Perspective*

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The purpose of the study is to provide an overview of export success from a strategic management perspective. The paper empirically tested the relationships between the firm's export performance, strategic thinking, adaptation to the changing environment and companies' capabilities. The research is based on the Hungarian Competitiveness Research database of 2013 that consists of 300 firms. Cluster analysis differentiated successful export-oriented and stagnant companies. Both of them had high export intensity (higher than 75%), but significant differences could be observed in export volume and profitability. More than 90% of total export revenue belonged to the successful export-oriented cluster. Successful export-oriented companies proved to be more proactive and innovative than stagnant, thus they were capable of adapting to the changing environment better. The study highlighted that appropriate strategic thinking could play a significant role in improving export success. The implication of the study is that stagnant companies need to develop their forecast abilities, flexibility to adapt to the changing environment and operational efficiency. Stagnant companies lagged behind successful exporters concerning industry forecast, production level, number of innovations, competitive prices and employee qualifications.

*Key Words:* internationalisation, export, performance,  
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*JEL Classification:* C38, L21, M16

## **Introduction**

Over the past few decades, exporting has been one of the economic topics to be explored. It is a common view amongst researchers that exporting firms' competitiveness has a strong effect on national export competitiveness (Porter 1990). In addition, there is an increasing attention to global

competition in the foreign markets by researchers as well as practitioners particularly with respect to determinants of export success. Exporting can be an engine for the individual firm's growth and profitability, and for the growth of national economies (Hatemi and Irandoust 2001; Wolff and Pett 2000).

The analysis of export performance is a very important issue in case of Hungary as well. Studying the Hungarian firms' export performance in a small open economy better contributes to the improvement of export competitiveness on a national level. Several researches were concluded on a macroeconomic level in Hungary (Munkácsi 2009) in terms of how export competitiveness can be improved. The analysis from a microeconomic perspective revealing exporter firms' characteristics can serve significant information to export development implications (to economic policy makers in the government as well as academic researchers too). In this paper, we analyse the export success from a strategic management point of view and intend to reveal factors behind the success.

The main idea of this analysis is that export performance can be an indicator of firms' international competitiveness and that export success is boosted by the growth of international markets and diminished by factors dominating in the years of the economic recession. However, competitive and non-competitive firms are not equally influenced by the economic situation: less competitive firms' export activity will be much more influenced by negative effects, measurable on export volume, export prices and/or profitability.

Much of the research in export performance analysis has categorized firms into stages of export development, distinguishing exporters from non-exporters, analysing variables of how exporters perceive various aspects of their organization, market, environment, resources, strategy, etc. (Dean, Mengüç, and Myers 2000; Kor and Mesko 2013). We also used the method of distinguishing firms based on different characteristics. In our study, one of the main questions is what the difference between successful and non-successful exporter companies is. This study focuses on strategic capabilities of successful exporters and intends to reveal in depth what is behind their success.

### **A Review of Relevant Literature and Hypotheses**

The export performance of firms has been studied in a wide range of literature. Due to this, our research focus was to identify the relationship between firms' strategy and export performance. In this paper, we present the literature related to strategic management approach. We present three

strategic theories, the industrial organization-based theory, the resource-based view of firms, especially the dynamic capabilities-based theory, and contingency theory.

#### FIRM'S STRATEGY AND PERFORMANCE

A fundamental axiom of strategic management and industrial organizational economics is the relationships between strategy and performance. Industrial organization theory views that economic competitiveness is based on its enterprises. A considerable amount of literature has focused on the relationship between strategy and performance and emphasized the importance of a distinctive strategy in determining the firm's economic performance (Porter 1980; 1990).

There is no consensus in the literature on the importance of the many variables that have been identified as determinants of export success. The literature reports on the correlations of export performance that are both internal and external to firms. The most analysed internal factors are managerial experience, marketing strategy, organizational structure, product and market diversification and resources. Industry competitiveness, business environment or product characteristics are linked to export performance as external variables (Barney 1991; Barney, Wright, and David 2001; Leonidou, Katsikeas, and Samiee 2002). Calantone et al. (2006) concluded that export performance is positively linked with the level of product adaptation strategy and organizations' openness to innovation. This may imply that the costs to adapt products are recouped through improved export performance.

Case study method is also used as a qualitative survey in understanding the determinants of export success. Ábel and Czakó (2013) emphasised the importance of management/owner role, organisational resources and capabilities and learning process based on analysing ten case studies of exporter companies.

The relevant literature suggests that export development and internationalization are complex phenomena. Instead of focusing on a particular aspect of export activity, this research measures several organizational dimensions including firm characteristics, firm competency, perceptions and strategy. A complete view on the relationship between export performance and firms' strategic characteristics is likely to be given.

The main idea behind this analysis is that export performance can be an indicator of firms' international competitiveness and that export success is boosted by the growth of international markets and diminished by factors dominating in the years of the economic recession. However,

competitive and non-competitive firms are not equally influenced by the inward and outward economic situation. Competitive firm operations are characterised by strong strategic thinking that shows itself in conscious goal orientation, valuable and dynamic capabilities and good/deep knowledge of the external environment. Less competitive firms are characterised by the lack of these abilities so their export activity will be much more influenced by negative effects, measurable on export volume, export prices and/or profitability. It is therefore hypothesized that:

H1 *There is significant connection between strategic thinking and export performance.*

Based on previous research we assume that behind the export performance there is a more conscious strategic thinking such as strategic planning and implementation. In a strategic management approach, it means the realisation of the long-term objectives, improving the firm's value thus increasing shareholder value.

#### THE FIRM'S STRATEGY AND ITS CONTEXT/ENVIRONMENT

One of the theories used in strategic management literature is the contingency-based approach. It posits that the firm's export performance is dependent on the context in which the firm operates. Robertson and Chetty (2000) adopted a conceptual model of export performance in their research, based on contingency theory. They analysed the relationship between export performance and strategic orientation in a different external environment. The study emphasised that exporting is a dynamic process because the context of a firm changes continually throughout its exporting ventures. Export strategy research usually places its starting point at the analysis of the relationships between the firm and its environment. As it is suggested by Knudsen and Madsen (2002) the theoretical background of export strategy researches has to be completed with dynamic capabilities approach.

H2 *There is a significant connection between the firms' ability to adapt to the changing environment and export success.*

#### FIRM'S STRATEGY AND CAPABILITIES

The researches examining export performance from capabilities are grounded in the resource-based view (RBV) of the firm (Wernerfelt 1984) and its extensions as knowledge-based (Grant 1996) view. The RBV emphasises unique resources and capabilities of a firm for sustained competitive advantage. We contend that knowledge is a key strategic resource

and a firm's capability in integrating and exploiting knowledge in exporting is a source of competitive advantage (Dhanaraj and Beamish 2003). A conceptual model presented by Haahti et al. (2005) proposes that export market knowledge accumulated from various sources constitutes a valuable 'entrepreneurial resource' and that both domestic and foreign cooperative strategies directly influence export performance. The synergistic effect of export on performance will also be multiplied when the export activity is well utilized under a proper selection of organizational strategy in the case of firm, product, market and technology (Lee and Habte-Giorgis 2004).

According to Reid (1981) we emphasise that exporting must be considered as a dynamic process, because the context of a firm changes continually throughout its exporting ventures. This idea is connected to the dynamic capabilities perspective (DCP). The most important issue of DCP is to explore the way the firm comes to terms with the continuous emergence of novel circumstances caused by rapid technological changes (Teece, Pisano, and Shuen 1997). Thus, the firm's central strategic problem is to create new productive knowledge and to coordinate the cumulative process of knowledge development and creation. The framework developed by Teece (2014) explains how strategy and dynamic capabilities together determine firm-level sustained competitive advantage in a global environment. The internalization models complemented by export performance analysis seek to understand why some firms' export activities are successful while others' fail. Hence, we advance the following hypothesis:

- H3 *There is a significant connection between the firms' resources and capabilities and export success.*

Numerous authors of export performance studies compare the exporters' characteristics in an attempt to reveal the factors that make a difference between success and failure in foreign market activities. In this paper we intend to identify the distinctive factors of export success and based on these findings develop better practice-related suggestions for firms with low performance.

### **Method of Research**

The phrased three hypotheses were tested on the Hungarian Competitiveness Research database of 2013. The connection between export performance and the selected influencing factors (strategic thinking, re-

TABLE 1 Cluster Centre Points

Category	(1)	(2)
Export intensity (1–4 scale)	3.75	3.57
Export volume (0–6 scale)	4.85	3.34
Change in export volume (1–3 scale)	2.23	2.06
Profitability compared industry average (1–5 scale)	4	3

NOTES (1) successful ( $n = 40$ ), (2) stagnant ( $n = 34$ ).

sources and capabilities) could be analysed by several statistical methods. One of the key elements of the research was measuring export success. Since four export performance metrics were used cluster analysis was conducted to differentiate successful exporters from non-successful. Independent sample *t*-test was applied to compare the characteristics of successful and non-successful firms and through this method we tried to obtain a deeper insight into the influencing factors of export success.

#### DATABASE

The research is based on the Hungarian Competitiveness Research database of 2013, which was launched by the Competitiveness Research Centre, Institute of Business Economics of Corvinus University of Budapest. It contains four questionnaires (more than 60 pages altogether): top management, marketing, production, finance, which enables us to make a complex analysis about companies' environment, strategic and functional areas. Generally, the survey targeted incorporated companies with more than 50 employees to build a corporate sample, as well as keeping an eye on representativeness (in terms of staff size, geographical location, industry). The final database consists of 300 firms.

Firms in the sample operated in different industries, except the financial sector. Processing industry dominated (45%), following it, the proportion of service sector was 34.7%, construction industry was 7.7%, agriculture was 8%. 72.7% of the firms was medium-sized, the proportion of large firms was 16.7%. In terms of ownership structure, the domestic owned companies dominated (71.3%), the proportion of foreign companies was 23% and the rate of state owned was 5.7%. The majority (53%) of firms had export activities, and this rate characterised the small and medium sizes companies, which is significantly higher than the average rate in Hungary (22.5% according to Szerb-Márkus, 2008). A very high export concentration can be observed in the sample, which

TABLE 2 The Composition of Successful Export-Oriented and Stagnant Companies by Export Revenue in 2013

Category	(1)	(2)
Under 100 mio HUF	0.00	0.00
100–499 mio HUF	0.00	11.40
500–999 mio HUF	0.00	42.90
1000–4999 mio HUF	47.50	45.70
5000–9999 mio HUF	20.00	0.00
Over 10000 mio HUF	32.50	0.00
Total	100	100

NOTES (1) successful ( $n = 40$ ), (2) stagnant ( $n = 34$ ). In percent.

reflected the high Hungarian export concentration (Kállay and Lengyel 2008; Munkácsi 2009). In the samples, the share of large foreign owned companies from total export revenue was 79.38%, foreign owned companies' 90%, domestic companies' 10%. (For the descriptions of the samples of the questionnaire survey of 2013, see Matyusz 2014.)

#### CLUSTER ANALYSIS – IDENTIFYING SUCCESSFUL AND STAGNANT EXPORT-ORIENTED COMPANIES

In our previous researches, we used cluster analysis to study firms' export performance, since we preferred using more than two export performance metrics and more objective grouping. For cluster analysis, we used financial data as well as managerial self-evaluation. The generally used metrics were applied for measuring export performance (Leonidou, Katsikeas, and Samiee 2002), these are export intensity, export revenue, export sales growth. The fourth factor in cluster analysis was profitability, we used managerial self-evaluation of companies' return of investment compared to industry average. The applied  $k$ -means cluster analysis resulted in four clusters: successful export-oriented companies, stagnant companies, leading minor exporters and exporters. The export intensity of leading minors and minors was under 20% so in this research we only concentrated on comparing successful and stagnant companies (table 1)

Since our hypothesis, testing was based on comparing successful and stagnant companies it is crucial to describe the main features of the two clusters. The successful export-oriented companies could be characterised by high export revenue, high export intensity and high profitability. All of them have more than one billion HUF export revenue per

TABLE 3 The Composition of Successful Export-Oriented and Stagnant Companies by Export Intensity in 2013

Category	(1)	(2)
Under 25	0.00	2.90
25–75	25.00	37.10
Over 75	75.00	60.00
Total	100	100

NOTES (1) successful ( $n = 40$ ), (2) stagnant ( $n = 34$ ). In percent.

TABLE 4 The Composition of Successful Export-Oriented and Stagnant Companies by Size in 2013

Category	(1)	(2)
Small	2.50	8.60
Medium	52.50	80.00
Large	45.00	11.40
Total	100.00	100.00

NOTES (1) successful ( $n = 40$ ), (2) stagnant ( $n = 34$ ). In percent.

TABLE 5 The Composition of Successful Export-Oriented and Stagnant Companies by Owner Structure in 2013

Category	(1)	(2)
State	2.50	0.00
Domestic	25.00	74.30
Foreign	72.50	25.70
Total	100	100.00

NOTES (1) successful ( $n = 40$ ), (2) stagnant ( $n = 34$ ). In percent.

year. 75% of them had more than 75% export intensity (tables 2 and 3). The successful export-oriented firms represented about the quarter of exporters in the sample, but their economic power was significantly higher, more than 90% of total export revenue belonged to this group (table 6). Their profitability was over industry average according to self-evaluations (table 7).

More than half of them (52.5%) belonged to medium-sized companies, the proportion of large companies was lower (45%), but compared to the average rate (16.7%) in the sample, it could be seen that the large companies are still overrepresented in this cluster (table 4).

More than 75% of firms were active in the processing industry due to

TABLE 6 Share of Clusters

Cluster	(1)	(2)
Share of cluster from total export revenues	91.60	4.90
Share of cluster from total exporters	25.20	22.00
Share of cluster from total number of companies	13.30	11.60
Share of cluster from total employees	34.40	8.50

NOTES (1) successful ( $n = 40$ ), (2) stagnant ( $n = 34$ ). In percent.

TABLE 7 Profitability Relative to Industry Average According to Managerial Self-Evaluation

Category	(1)	(2)
Return on sales	3.73	2.71
Returns on investment	3.85	2.57

NOTES (1) successful ( $n = 40$ ), (2) stagnant ( $n = 34$ ). 5-point Likert scale, 1 – best, 5 – under average.

the characteristics of the samples, but there were some representatives of food industry and services too. Foreign owned companies dominated (72.5%) (table 5). Each of them had dominant owners, 66.7% of them had owners with 75% share or more. The proportion of subsidiaries is 65%. Strong owner control could be observed in about 10% of firms. 15% of them had owners with more than 70% share from revenue.

Companies belonging to the stagnant clusters lagged behind successful export-oriented companies in regard of export performance and company profitability. Although they had high export intensity (76%), it was significantly lower than the average rate of successful export-oriented firms (84%). 60% of them had more than 75% export intensity (table 3). Their export revenue was significantly lower than the revenue of successful companies. There were no companies with over 5 billion HUF export revenue (table 2). Although 22% of exporters belonged to this cluster, their share from total export revenue was under 5% and their share from total employees was 8.5% in contrast with the fact that successful exporters' share was 34.4% (table 6). Their profitability was under industry average according to self-evaluations (table 7).

77% of the firms was active in the processing industry due to the characteristics of the samples, followed by it the rate of service companies (22.9%). The majority of them was medium-sized (80%) and domestic owned (74.3%). The proportion of large companies was only 11.4%. The

TABLE 8 Fundamental Purpose

Fundamental purpose	(1)	(2)
Satisfying customer needs as much as possible	4.53	4.46
Gaining more profit	4.15	3.86
Increasing shareholder value	3.85	3.26
Surviving crises and preserving the ability of future development	4.08	4.2

NOTES (1) successful ( $n = 40$ ), (2) stagnant ( $n = 34$ ). 5-point Likert scale, 1 – not true at all, 5 – perfectly true.

TABLE 9 Financial Goals

Financial goals	(1)	(2)
Liquidity preservation, improvement	3.73	4.11
Compliance with payment commitments, deadlines	3.81	3.89
Sales revenue increase	4.00	4.11
Cost reduction	3.88	4.07
Increase in return on sales (profitability)	4.04	4.00
Increase in return on assets (profitability)	3.92	3.43
Increase in return on investment (profitability)	3.76	3.79
High owner (shareholder) return	3.52	3.21
Payment of high rewards	2.92	2.89
Payment of high dividends	3.16	2.64
Regular dividend payments	3.24	2.68

NOTES (1) successful ( $n = 40$ ), (2) stagnant ( $n = 34$ ). 5-point Likert scale, 1 – not true at all, 5 – perfectly true.

TABLE 10 Sales Opportunities in 2013 Relative to 2009

Sales opportunities	(1)	(2)
In domestic market	2.73	2.51
In export market	3.5	3.23

NOTES (1) successful ( $n = 40$ ), (2) stagnant ( $n = 34$ ). 5-point Likert scale, 1 – become unfavourable in large extent, 5 – became favourable in large extent.

proportion of foreign owned companies was much lower (25.7%) in this cluster than in the case of successful export-oriented companies (72.5%) (tables 4 and 5). The ownership concentration is high (only 5.7% of them had no dominant owner) but lower than successful export-oriented companies'. 31% of them are subsidiaries. The role of owners as customers is

TABLE 11 Effect of the Financial Crisis: Proportion of Firms

(i)	(ii)		(iii)		(iv)		(v)		(vi)	
	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)	(1)	(2)
(a)	5.1	20.0	7.9	20.0	5.1	8.6	5.1	25.7	5.1	22.9
(b)	25.6	14.3	21.1	14.3	20.5	17.1	25.6	22.9	15.4	34.3
(c)	30.8	37.1	39.5	45.7	41.0	57.1	25.6	25.7	38.5	20.0
(d)	30.8	22.9	26.3	11.4	25.6	14.3	33.3	20.0	23.1	17.1
(e)	7.7	5.7	5.3	8.6	7.7	2.9	10.3	5.7	17.9	5.7

NOTES (i) direction of change, (ii) change in revenue, (iii) change in production, (iv) change in number of employees, (v) change in EBIT, (v) change in net profit; (1) successful ( $n = 40$ ), (2) stagnant ( $n = 34$ ); (a) decreasing on a large extent, (b) decreasing stagnant, (c) increase, (d) increasing on a large extent. In percent.

lower than in the group of successful export-oriented firms. 17% of them had owners with more than 20% share from revenue, but only two companies (5.7%) had owners with more than 70% share from revenue.

We concluded that the export performance of stagnant companies was weaker than successful ones', the largest differences could be observed in case of export volume and profitability. The differences in export volume might derive from the company size and the owner structure. Foreign owned companies dominated (72.5%) in successful export-oriented clusters, and 65% of them was subsidiary. The majority of stagnant companies were medium sized domestic owned firms. One of the main purposes of the research was to point out that the export success does not derive from the size and owner structure but different skills and capabilities are behind export performance. Investigating the correlation between skills/capabilities, and company size and owner structure was not the purpose of this research.

### Discussion of Findings

We present the findings in the same logic as relevant literature review was demonstrated. First, we show the factors analysed in connection with strategy and export performance. Then strategy in context analysis is presented. Finally, results of company resources and capabilities are included.

#### COMPANY STRATEGY AND EXPORT PERFORMANCE

Based on the relevant literature we assumed that firms' export performance was related to their strategic characteristics. Thus, it can be re-

vealed in main strategic goals, applied strategies and main operational parameters in a changeable environment. We analysed the questions about main strategic goals and used independent-sample *t*-test to compare means to test our hypothesis.

The analysis of the fundamental purpose of companies (table 8) indicated that successful exporters are more profit-oriented compared with the stagnant companies. In their strategic thinking increasing shareholder value appears more forcefully than in the case of stagnants. Surviving the economic crisis is the least important factor for successful exporters, however it is the most crucial for stagnants. So after satisfying customer needs, surviving the crisis constituted as the second main goal in the analysed period. It suggested that stagnant firms were much more influenced by the effects of the economic crisis, while the successful companies could concentrate better on increasing shareholder value.

The differences in strategic thinking could be observed in the case of financial goals too. In connection with surviving the financial crisis, preserving liquidity was one of the most important financial goals (4.11 in 5-point Likert scale) for stagnant companies. Preserving liquidity proved to be more important for stagnant companies than for successful exporters (3.33). After preserving liquidity, increasing revenue (4.11), cost reduction (4.07) and increasing the return on sales (4) were the most important financial goals for stagnant companies. Increasing revenue (4) and return on sales (4.04) were important for successful companies as well, and there were no statistically significant differences between the two clusters' opinions. Besides liquidity being less important, successful exporters gave significantly less priority to cost reduction (3.88) than stagnants, but increasing shareholder value (3.55) proved to be significantly more important (table 9).

We examined overall strategic thinking and some elements of strategy implication more deeply (see table 12). Successful export-oriented companies proved to be better in possessing adequate strategy, working out detailed action plans, having multiple visions for better reaction and in connection with the last, they had quicker reactions than stagnants. These factors indicated that firms in successful exporters' cluster have more conscious strategic thinking and better strategy implementation. The findings revealed that there were no significant differences between successful exporters and stagnants concerning written strategy and vision. We can assume that stagnant companies know what they want to achieve, but they are weaker in realisation. Successful exporters had multiple vision

TABLE 12 Some Elements of Strategic Thinking and Strategy Implication

Strategic types	Clusters	(1)	(2)	(3)	(4)
Adequate strategy	(a)	40	4.18	.813	.129
	(b)	35	3.43	1.037	.175
Detailed action plans	(a)	40	3.93	.859	.136
	(b)	35	2.83	1.175	.199
Multiple vision for better reaction	(a)	40	3.78	.947	.150
	(b)	35	2.97	1.248	.211
No written strategy, but strong vision	(a)	40	3.48	1.062	.168
	(b)	35	3.37	1.060	.179
Quick reactions	(a)	40	4.05	.749	.118
	(b)	35	3.94	.906	.153

NOTES (1) *n*, (2) mean, (3) standard deviation, (4) standard error mean; (a) successful exporters, (b) stagnants. 5-point Likert scale, 1 – not true at all, 5 – perfectly true.

and different scenarios for the future. The adaptation to environmental changes is realised by using detailed action plans of these scenarios. Stagnants are characterised by the lack of detailed action plans. It suggests that stagnant firms fail to implement their strategies because they do not plan the realisation by detailed action plans.

In the beginning of the economic crisis, successful exporters were less forced to apply defensive strategy. More than a half of this cluster's firms followed stabilization strategy (see tables 13 and 14). In the case of stagnants, it was only 16%. The majority of stagnants applied defensive strategy. It suggests that in the first year of recession stagnants were more influenced by the effect of the crisis. In 2010, stabilization strategy became dominant in both export clusters. The group of successful exporters could exploit the growth in 2011. Almost half of the group could switch to offensive/growth strategy. It shows that they managed to overcome the crisis earlier than stagnants. In 2012 along with growth strategy, the focusing strategy also came to the front. The rate of companies implementing focusing strategy has doubled in both clusters.

One of the main characteristics of a firm strategy is how it will be implemented. An organisation might have a range of strategic directions: the company could improve its profile to launching new products, it could enter new markets, it could transform its existing products through radical innovation. These strategic directions could be realised by different methods. In economic recession situations, the most common methods

TABLE 13 Strategy Directions 2009–2010

Strategy direction	2009				2010			
	(a)		(b)		(a)		(b)	
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%
Defensive strategy	11	31.4	18	58.1	6	17.6	6	18.8
Stabilization strategy	18	51.4	5	16.1	20	58.8	18	56.3
Offensive/growth strategy	3	8.6	5	16.1	6	17.6	6	18.8
Focusing strategy	3	8.6	1	3.2	2	5.9	1	3.1
No strategy	0	0.0	2	6.5	0	0.0	1	3.1
Total	35	100.0	31	100.0	34	100.0	32	100.0

NOTES (a) successful exporters, (b) stagnants.

TABLE 14 Strategy Directions 2011–2012

Strategy direction	2011				2012			
	(a)		(b)		(a)		(b)	
	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%	<i>n</i>	%
Defensive strategy	2	5.6	6	18.2	1	2.7	4	12.1
Stabilization strategy	12	33.3	11	33.3	12	32.4	9	27.3
Offensive/growth strategy	17	47.2	10	30.3	12	32.4	8	24.2
Focusing strategy	5	13.9	5	15.2	10	27.0	10	30.3
No strategy	0	0.0	1	3.0	2	5.4	2	6.1
Total	36	100.0	33	100.0	37	100.0	33	100.0

NOTES (a) successful exporters, (b) stagnants.

are connected with increasing operational efficiency by reducing costs. In the used questionnaire the increase of production efficiency, the product differentiation, rationalization of product range and suspension of investments were connected to this issue. The companies were asked about how their operations were characterised by the mentioned actions in the period between 2009 and 2012.

As it can be seen in table 15 in the context of the economic crisis, successful exporters' operations are characterised principally by two-sided efficiency. It is significantly confirmed by the independent sample *t*-test. From one point of view they continued the new product launches and sought out new markets, and from another, they significantly aimed better at production efficiency, rationalization of product range and compared to stagnants they are less characterised by postponed investments.

TABLE 15 Strategic Actions in the Economic Crisis between 2009 and 2012

Strategic actions	Clusters	(1)	(2)	(3)	(4)
New product launches	(a)	40	2.83	1.035	.164
	(b)	35	2.49	1.269	.214
New markets	(a)	40	3.73	1.086	.172
	(b)	35	3.46	1.094	.185
Innovations vs. Competitors	(a)	40	3.35	.921	.146
	(b)	35	3.17	1.294	.219
Production efficiency	(a)	40	3.85	.949	.150
	(b)	35	3.54	.919	.155
Product differentiation	(a)	40	4.08	.829	.131
	(b)	35	3.74	1.094	.185
Rationalization of product range	(a)	40	2.85	1.331	.210
	(b)	35	2.34	1.187	.201
Postponed investments	(a)	40	3.23	1.165	.184
	(b)	35	3.26	1.462	.247

NOTES (1) *n*, (2) mean, (3) standard deviation, (4) standard error mean; (a) successful exporters, (b) stagnants. 5-point Likert scale, 1 – not true at all, 5 – perfectly true.

The conducted hypothesis tests (independent sample *t*-tests) confirmed hypothesis 1, there is a significant connection between strategic thinking and export performance. Successful export-oriented companies focused more on increasing shareholder value, they had a more adequate strategy and they proved to be more successful in implementing it.

**ADAPTATION TO THE CHANGING ENVIRONMENT**

Both successful and stagnant exporters considered the domestic sales opportunities more unfavourable than they were in 2009. The judgment of export markets was more favourable than domestic market, the managers felt improving sales opportunities relative to 2009 (table 10). There was no significant statistical difference between the evaluation of the two clusters. At the same time, significant statistical differences could be observed between the actual export performances of the two groups. Between 2009 and 2013 more than half of the successful exporters (54.5%) reported an increase in export volume, while this proportion was only 33.4% in the case of stagnants. A decrease in export volume characterized 33.4% of stagnant companies, while less than 20.0% of successful ex-

TABLE 16 Change in Export Volume

Change in export volume	Successful ( <i>n</i> = 40)		Stagnant ( <i>n</i> = 35)	
	(1)	(2)	(1)	(2)
More than 10% reduction per year	9.10	6.50	12.10	18.20
Less than 10% reduction per year	9.10	12.90	9.10	15.20
Stagnant market	27.30	16.10	39.40	33.30
Less than 10% increase per year	42.40	48.40	21.20	18.20
More than 10% increase per year	12.10	16.10	18.20	15.20

NOTES (1) 2009–2012, (2) expected in 2013.

TABLE 17 Firms' Adaptation to Environmental Changes between 2009 and 2012

Firms' behaviour	Successful ( <i>n</i> = 40)		Stagnant ( <i>n</i> = 35)	
	<i>n</i>	%	<i>n</i>	%
Procrastinated recognition	0	0.0	1	2.9
Inability to answer	3	7.5	5	14.3
Reaction	13	32.5	12	34.3
Proactivity	15	37.5	12	34.3
Influence	9	22.5	5	14.3
Total	40	100.0	35	100.0

porters experienced this. Successful exporters considered the year of 2013 more favourable as well, 64.5% of them expected an increase while the same rate among stagnants was only 39.4% (table 16). One of the weaknesses of stagnants, according to the results of the survey is the adaptation to the changing environment.

The majority of successful exporters was capable of monitoring the surrounding environment and was prepared to give adequate answers to its changes. Moreover, 60.0% of them not only recognised the changes and gave post-reactions but they were capable of proactivity and influencing the environment. On the other hand, 17.2% of stagnant companies procrastinated the recognition of changes and were unable to answer them. The proportion of those stagnant companies who were able to influence their environment was significantly lower (14.3%) than successful companies' (22.5%) (table 17).

We assumed that successful export-oriented companies were better in forecasting and adapting to the changing environment. The financial crisis affected stagnant companies more unfavourably than successful exporters. 20% of stagnant companies suffered from a forceful decrease in

TABLE 18 Actual Effect of the Crisis Relative to the Expected Effect in September 2008

Actual effect	(1)	(2)
More favourable than expected	5.0	8.8
More moderate than expected	15.0	8.8
Equal with expectation	60.0	35.3
Deeper than expected	20.0	11.8
More serious than expected	0.0	35.3

NOTES (1) successful ( $n = 40$ ), (2) stagnant ( $n = 34$ ).

TABLE 19 The Date of the Expected Boom

The date of the expected boom	(1)	(2)
We are over the crisis	55.00	11.80
We expect the recovery nowadays	10.00	14.70
We expect recovery within one year	17.50	23.50
We have to wait more than one year until the boom	17.50	50.00

NOTES (1) successful ( $n = 40$ ), (2) stagnant ( $n = 34$ ).

revenue and more than 20% suffered from a forceful decrease in profitability, while this rate was only 5.1% in the successful exporters' cluster. 38.5% of successful exporters realized increasing revenue during this period, while this proportion was 28.6% in the case of stagnants. Stagnant companies reduced production level and the number of employees to a greater extent than successful exporters did. The biggest differences could be observed in the changes of net profit, while the least differences existed in the changes of employees' number (table 10).

Successful exporters proved to be better in forecasting the effect of the financial crisis. 60% of successful exporters' managers thought that the actual effect of the crisis was equal with their expectation in September 2008, in the case of stagnant companies this rate was only 35.5%. 47% of them felt the crisis was deeper and more serious than their previous expectation suggested (table 18).

At least half of the successful companies were negatively affected by the crisis, but the majority of them (55%) thought that they were over it. Only 17.5% of them thought that they had to wait more than one year until the boom. Stagnant companies suffered from the crisis to a larger extent, the majority of them were not able to forecast the effect of the crisis and half of them thought that the date of the expected boom is over one year. Only 11.8% of them recovered from the crisis (table 19).

TABLE 20 Self-Evaluation Relative to the Strongest Competitor

Item	(1)	(2)
Cost efficiency	3.5	3.16
Competitive prices	3.5	2.94
Product quality	3.9	3.59
Product range	3.85	3.47
Production level	3.9	3.28
Short delivery time	3.9	3.69
Delivery on time	3.98	3.63
Flexibility of logistics	3.55	3.31
Creating customer value (opinion of mark. managers)	3.67	3.38
Knowledge of customer needs (opinion of mark. managers)	3.56	3.09
Direct contact with customers	3.69	3.58
Responding to customer needs (opinion of mark. managers)	3.87	3.67
Adjustment to changing customer demand	3.68	3.41
Use of innovative sales incentives	3.28	3.13
Market forecast	3.63	3.16
Responding to competitors' actions (opinion of mark. managers)	3.44	3.48
Industry forecast (opinion of mark. managers)	3.51	2.76
Employee qualifications	3.83	3.28
Number of innovations	3.46	2.84
R&D expenditure level	3.18	2.81
Ethical conduct	3.7	3.72
Using environmentally friendly material	3.38	3.09

NOTES (1) successful ( $n = 40$ ), (2) stagnant ( $n = 34$ ). 5-point Likert scale, 1 – not true at all, 5 – perfectly true.

Overall, the successful export-oriented companies proved to be better in adapting to a changing environment than stagnants. The conducted analyses verified our second hypothesis that there is significant connection between the firms' ability to adapt to changing the environment and export success.

#### EXPORT PERFORMANCE AND CAPABILITIES

We assumed that better capabilities are behind export success based on resource-based view. Successful export oriented-companies had better export performance as well as higher profitability. CEOs and marketing

managers were asked to evaluate their companies' performance relative to strongest competitors. We compared CEOs' opinions using 17 factors and marketing managers' opinions using 5 factors. There were no significant differences in the case of only two factors (ethical conduct, responding to competitors' actions). Independent samples *t*-test confirmed that the successful exporters' self-evaluations were better than stagnants'. The biggest differences can be observed in the industry forecast. The marketing managers of stagnant companies considered their forecasting abilities weaker than their competitors'. In connection with it, stagnants' self-evaluation proved to be weaker than successful companies concerning market forecast, knowledge of customer needs, responding to customer needs, adjustment to the changing customer demand. These results underpin our previous conclusions that successful export-oriented companies are better at adjusting to a changing environment. Beyond this, the biggest differences occurred in production level, number of innovations, competitive prices and employee qualifications but significant differences could be observed in logistics, product quality, product range and cost efficiency. We have to highlight that stagnants evaluated their own performance weaker than strongest competitors' not only in industry forecast but in level of prices and innovations (table 20).

Managerial self-evaluation might contain several distortion factors. The reliability of these results was increased by the fact that two different persons within a company gave similar evaluations and the analysis of different parts of the questionnaires indicated similar conclusions. We also compared the managerial capabilities based on self-evaluations. Statistically significant differences can only be observed in half of the investigated factors (this rate was 90% in the case of companies' characteristics). Managers of successful exporters proved to be better at professional skills, leadership capabilities, analytical and computing skills, but there were no differences for example in problem solving, communication and business skills, and willingness to take risks.

We conducted a regression analysis to identify the capabilities that had the strongest influence on export performance (measured by export volume). The explanatory power of the regression function was weak (5.3%), the most deceiving factors were customer value creation and delivery time, which are consistent with the previous results.

Overall, the successful export-oriented companies proved to be better at operational characteristics than stagnants, the biggest differences could be observed in forecasting and innovation. The conducted analyses ver-

ified our third hypothesis that there is a significant connection between the firms' capabilities and export success.

### Discussion

Successful export-oriented companies are more proactive and innovative than stagnants, thus they are capable of adapting to the changing environment. The study confirms the view held by Reid (1981) that exporting must be considered as a dynamic capability because the context of a firm changes continually throughout its exporting processes. Managers of less successful exporter companies need to develop the capabilities to monitor environmental changes. They need to lead the company in a manner that allows them to become more proactive and more flexible in their strategy.

The study highlighted that the appropriate strategic thinking could play a significant role in improving export success. Stagnants were weaker in the realisation of their strategic goals because of the lack of strategic planning and detailed action plans. The implication of the study is that stagnant companies need to develop their forecast abilities, flexibility to adapt to the changing environment and operational efficiency. Stagnant companies lagged behind successful exporters concerning industry forecast, production level, number of innovations, competitive prices and employee qualifications.

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